



REPORT OF
THE
STATE AUDITOR

**Career and Technical Education Programs
Colorado Community College System**

**Performance Audit
December 2005**

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This report contains the results of a performance audit of career and technical education programs administered by the Colorado Community College System. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The report presents our findings, conclusions, and recommendations, and the responses of the Colorado Community College System and the Colorado Department of Education.

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**Career and Technical Education Programs
Performance Audit
December 2005**

Authority, Purpose, and Scope

This performance audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the Office of the State Auditor to conduct performance audits of all departments, institutions, and agencies of the state government. The audit work, performed from April to October 2005, was conducted in accordance with generally accepted government auditing standards.

Our audit focused on how the Colorado Community College System (System) administers career and technical education programs that receive funding through the Colorado Vocational Act (CVA) of 1970 (Section 23-8-101 et seq., C.R.S.) and the federal Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Perkins). We evaluated the System's compliance with applicable state and federal requirements. We also assessed the System's administrative effectiveness, including the management of the Perkins grant, funding approvals, and the collection and use of accountability data.

We gratefully acknowledge the assistance and cooperation extended by management and staff at the Colorado Community College System, the Colorado Department of Education, and the subrecipients we visited.

Overview

Section 23-60-102, C.R.S., assigns the State Board for Community Colleges and Occupational Education (Board) responsibility for administering the State's career and technical education programs at the secondary and post-secondary level. The Board sets rules to administer these programs, which System staff manage on a daily basis. The System uses funds from CVA and Perkins to provide supplemental support for local career and technical education programs. CVA funds secondary programs only, while Perkins funds secondary and post-secondary programs. The overall purpose of CVA and Perkins is to promote high-quality career and technical education programs that will provide entry-level work skills students can use to obtain employment or further their education.

As of December 2005, there were about 1,900 (600 post-secondary and 1,300 secondary) approved career and technical education programs in the State with total enrollments of about 129,000 students. During Fiscal Year 2005, 151 of the State's 178 school districts received funding from CVA, while 160 school districts and 20 post-secondary institutions (e.g., community colleges, local district colleges, and area vocational schools) received allocations of Perkins funding.

For further information on this report, contact the Office of the State Auditor at 303.869.2800.

In Fiscal Year 2005 the General Assembly appropriated about \$20 million in state general funds for CVA and the federal government allocated about \$17.5 million to Colorado in Perkins funding under Title I (basic grant) and Title II (Tech-Prep).

Perkins allows the System to use up to 5 percent of the Title I and II grants for administration. The System must match Perkins Title I funds used for administration with an equal amount of non-federal funds. Perkins also allows the System to use up to 10 percent of the Title I grant for leadership activities, such as providing professional development for teachers. CVA does not provide any monies for administration. At the time of our audit, there were 33 FTE working directly or indirectly on CVA and Perkins. In Fiscal Year 2005, the System incurred costs of about \$3 million related to managing CVA and Perkins activities. Of this total, the System spent about \$100,000 in state general funds to administer CVA and about \$560,000 in state general funds to provide the required non-federal Perkins match. The remaining expenses were funded with federal Perkins dollars.

Summary of Audit Comments

We examined the methods used by the System to ensure that career and technical education programs offered by school districts and post-secondary institutions meet and maintain compliance with applicable state and federal requirements. We also reviewed the System's controls over expenditures, fees, cash, and data as well as its management of the Perkins grant. Finally, we evaluated how the System ensures that career and technical education programs only use qualified teachers. We found problems in the following areas:

- **Program approval.** We reviewed 25 program approval applications (12 new programs and 13 renewals) and found that 17 (68 percent) lacked evidence that the programs met all statutory and regulatory requirements before being approved by staff. For example, 9 of 12 new programs lacked all required data showing that the programs meet an occupational need; 7 of 12 new programs indicated that they would prepare students for occupations which appeared outside the realm of the suggested curriculum; 3 of 13 renewed programs were missing all or part of the data required to determine if the programs should receive a conditional or unconditional approval; and 5 of 13 renewed programs received unconditional approvals despite deficiencies that should have resulted in conditional approvals.

Our review also found that the System allows expired programs to continue receiving CVA and Perkins funding. We identified 23 active programs that expired in Fiscal Year 2004 or earlier. Of the 23 programs, we found 4 received about \$44,000 in CVA funding and at least \$28,000 in Perkins funding after their expiration dates during Fiscal Years 2002 through 2005. Finally, we found an instance in which the System funded academic courses with CVA dollars, which does not appear to be consistent with the statutory purpose of CVA.

- **Accountability data.** We reviewed the System's accountability reports for CVA and Perkins and its methods for collecting and verifying the data in these reports. Overall, we found the data are not reliable. For example, the System's own data reliability testing found errors at four of seven subrecipients tested, including two with error rates over 50 percent. Unreliable data were the main reason the State did not meet its Perkins accountability standards in Fiscal Year 2001 and, consequently, did not qualify for a federal incentive grant worth at least \$1 million.
- **Perkins grant administration.** We identified two problems with the System's administration of the Perkins grant. First, Perkins requires that the System match on a dollar-for-dollar basis any federal funds used for administration with funds from non-federal sources. We found that the System did not adequately match federal funds expended with state general funds in Fiscal Years 2003, 2004, or 2005. The System risks having to repay these unmatched federal funds, which totaled about \$374,000.

Second, federal requirements state that grantees must maintain documentation to support the amounts of salaries charged to federal awards. We found that for Fiscal Years 2001 through 2005, about 72 percent of employees whose salaries were charged wholly or in part to Perkins did not submit all required time sheets. We questioned costs of about \$2.4 million in charges to Perkins for the five-year period. Federal requirements also state that grantees must make appropriate adjustments if the actual time spent by staff on federal awards varies by 10 percent or more from the amount charged to the award. We surveyed 29 System staff and determined that 18 (62 percent) reported spending time on job duties that varied by 10 percent or more when compared to how the System charged their salaries to Perkins in Fiscal Year 2005, resulting in additional questioned costs of about \$200,000.

- **Career and technical student organization (CTSO) expenditures.** System staff oversee the activities of eight CTSOs. The CTSOs use a combination of student dues, conference registration fees, and federal Perkins monies to fund their activities. In Fiscal Year 2005, System staff managed about \$1.5 million in total CTSO funds. We found that the System's controls over CTSO expenditures are severely lacking. For example, out of a sample of 149 transactions totaling about \$165,000, we questioned 82 (55 percent) expenditures totaling about \$49,000 due to a lack of adequate documentation to support that the expenditures were reasonable and necessary.

In addition, we found that for Fiscal Year 2005, the System spent about 37 percent of its Perkins leadership funds on staff and operational costs for the CTSOs, even though less than 30 percent of all career and technical education students are members of these organizations. In general, we would expect the System to use leadership funds for activities that benefit the most students possible. We question the appropriateness of devoting such a large portion of leadership dollars to activities that may only directly benefit a minority of students.

- **Instructor credentialing.** Board rules require that all instructors teaching approved career and technical education programs possess a valid Colorado Vocational Credential, issued by the System. Out of a sample of 25 applications (17 new credentials, 6 renewals, and 2 that are unknown because staff could not locate the files), 19 (76 percent) lacked evidence that applicants met all statutory and regulatory requirements before the System issued a credential. In general, we found more problems with the 17 applications for new credentials: 8 did not demonstrate the applicants had enough occupational experience to qualify for a credential, 7 only provided notarized summaries of occupational experience instead of the required employer verifications, and 4 did not provide sufficient evidence the applicants met minimum educational requirements. Staff were unable to locate the files for two additional applicants in our sample.

Further, we found that the System should update its credentialing standards, improve controls over cash handling and, with the Department of Education, work with the General Assembly to clarify statutes related to which entity has the authority to issue credentials.

- **Monitoring.** The System is responsible for monitoring and auditing subrecipients receiving Colorado Vocational Act and Perkins funds to ensure they comply with state and federal requirements. We found that the System's review of Perkins subrecipients lacks steps to adequately review financial information and ensure that all subrecipient expenditures funded through Perkins are appropriate. For example, we reviewed 540 Perkins transactions reimbursed to subrecipients totaling about \$286,000 and found exceptions with 21 percent, including problems with insufficient supporting documentation and questioned costs of about \$58,000.

Finally, we found that the System is not meeting its goals for conducting Perkins monitoring visits and CVA audits at every subrecipient at least once every five years, staff do not adequately follow prescribed Perkins monitoring procedures, and staff do not use CVA audits as a tool for improving reporting errors made by subrecipients.

Our recommendations and responses from the Colorado Community College System and the Department of Education can be found in the Recommendation Locator on pages 5 through 10 of this report.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	24	Improve the evaluation of new and renewal program applications by ensuring that programs provide students with entry-level skills, job readiness skills, and/or the ability to articulate to further training.	Colorado Community College System	Agree	December 2006
2	27	Ensure that programs whose approvals have expired do not receive Colorado Vocational Act or Perkins funding.	Colorado Community College System	Agree	July 2007
3	29	Clarify whether school districts may receive Colorado Vocational Act or Perkins funding for academic courses offered through Alternative Cooperative Education programs.	Colorado Community College System	Agree	July 2006
4	32	Improve the reliability of accountability data for career and technical education programs by developing and implementing a risk-based approach to conducting on-site data reliability training; ensuring that staff review appropriate sample sizes at each site; and requiring subrecipients with identified data errors to develop a corrective action plan.	Colorado Community College System	Agree	December 2006

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
5	35	Improve the completeness and consistency of accountability data for career and technical education programs by working with the General Assembly to determine if the System should collect employment outcome data for all participants; using cohort data to calculate program completion rates; reviewing subrecipient completer definitions for consistency; and determining if providing students with the skills to obtain “family-supporting” wages is an attainable goal.	Colorado Community College System	Agree	July 2007
6	38	Improve the oversight of Perkins grant subrecipients by developing and implementing a process for using local improvement plans.	Colorado Community College System	Agree	July 2007
7	43	Ensure that federal matching requirements are met for Perkins administrative costs.	Colorado Community College System	Agree	January 2006
8	46	Ensure that salaries charged to the Perkins grant and the Perkins non-federal administrative match are accurate and properly substantiated.	Colorado Community College System	Agree	January 2006

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
9	52	Establish oversight over career and technical student organization (CTSO) expenditures by requiring all CTSO expenditures overseen by System staff to comply with State Fiscal Rules; evaluating the most prudent method for CTSOs to contract for goods and services; reviewing annually all CTSO financial records for compliance with State Fiscal Rules; recording the receipt and disbursement of CTSO funds on the System's financial system; and reassigning staff duties to ensure adequate segregation.	Colorado Community College System	Agree	July 2006
10	53	Reevaluate its use of Perkins leadership funds to maximize their effectiveness.	Colorado Community College System	Agree	July 2007
11	59	Ensure instructor credentialing standards are met by considering revising the standards to ensure they meet current needs; adhering to all established standards when evaluating credentialing applications; and instituting a formal supervisory review of the credential application process.	Colorado Community College System	Agree	December 2006
12	61	Strengthen credentialing standards by developing and publishing a single set of credentialing standards that ensures all applicants meet the same standards.	Colorado Community College System	Partially Agree	December 2007

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
13	63	Discontinue the practice of performing credentialing evaluations.	Colorado Community College System	Agree	January 2006
14	64	Improve the Credentialing Office's cash controls by performing a periodic reconciliation of cash receipts to amounts deposited and credentials issued and ensuring adequate segregation of duties exists within cash handling processes.	Colorado Community College System	Agree	January 2006
15	66	Ensure that credentialing fees are reasonable and appropriate.	Colorado Community College System	Agree	July 2006
16	68	Determine the most cost-effective method for credentialing career and technical education teachers, and seek statutory change, as appropriate.	Colorado Community College System	Agree	December 2006
			Department of Education	Agree	December 2006

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
17	75	Improve on-site subrecipient monitoring of Perkins grant expenditures by including specific steps to test the allowability and appropriateness of Perkins grant expenditures made by subrecipients; improving the technical skills of on-site reviewers and considering using internal audit staff to supplement monitoring review teams; and defining documentation requirements for subrecipients to support the allowability and appropriateness of Perkins grant expenditures.	Colorado Community College System	Agree	December 2006
18	78	Improve the Perkins administrative and program monitoring process by considering devoting more staff resources to monitoring or revising monitoring procedures to focus on areas with the greatest risk; requiring that staff complete monitoring checklists and issue formal reports and recommendations; instituting a formal supervisory review of the monitoring process; following up on all monitoring recommendations; and establishing time frames for the timely completion of monitoring reports, supervisory reviews, and follow-up on recommendations.	Colorado Community College System	Agree	December 2006

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
19	81	Improve the monitoring process for the Perkins program by reassessing the monitoring schedule to ensure that it meets the commitment to monitor each subrecipient once every five years; developing written policies that outline the number of schools and programs required for review during program monitoring visits; and ensuring that consortium administrators complete on-site monitoring visits in accordance with established procedures.	Colorado Community College System	Partially Agree	July 2007
20	83	Ensure that Perkins subrecipients comply with OMB <i>Circular A-133</i> audit requirements.	Colorado Community College System	Agree	July 2006
21	86	Improve the auditing process for the Colorado Vocational Act (CVA) by developing and implementing a reasonable, risk-based audit cycle and considering alternative methods to increase audit coverage; including recommendations in CVA audit reports aimed at improving reporting by school districts; implementing a formal process to follow up on and resolve audit findings; and analyzing district reporting errors and targeting technical assistance at common problems.	Colorado Community College System	Agree	July 2006

Overview of Career and Technical Education Programs

The State Board for Community Colleges and Occupational Education (Board) was established by the Community College and Occupational Act of 1967. Statute assigns responsibility and authority to the Board for three major functions: (1) governing the State's system of community and technical colleges, referred to as the Colorado Community College System (System); (2) administering the State's occupational education programs at both the secondary and post-secondary levels; and (3) administering the State's appropriations to local district colleges and area vocational schools. The Board consists of 11 members, 9 of whom are appointed by the Governor to four-year staggered terms of service. Statute requires that Board members be selected to represent certain economic, political, and geographical constituencies. The tenth and eleventh members are elected and represent the student body and faculty, respectively, of the System.

The Board's role in occupational education is defined in Section 23-60-102, C.R.S., which gives the Board responsibility for developing and establishing state policy in career and technical education, also referred to as vocational education. Statute states the purpose of this policy should be to coordinate all aspects of career and technical education in the State to ensure efficient delivery of quality programs. Statute gives the Board the authority to set rules related to administering career and technical education programs, which staff at the System implement. The System administers two programs that provide funding for career and technical education, the Colorado Vocational Act (CVA) of 1970 and the federal Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (Perkins). The overall purpose of these laws is to help fund high-quality secondary and post-secondary career and technical education programs that will provide entry-level work skills students can use to obtain employment or further their education.

Colorado Vocational Act

The General Assembly enacted CVA in 1970 under Section 23-8-101 et seq., C.R.S., to help school districts pay for the additional costs of providing career and technical education programs in secondary schools. To receive funding under CVA, districts must demonstrate to the System that their programs:

- Are of sufficient duration to provide students with entry-level occupational skills required by business and industry.

- Have advisory committees to assist districts with curriculum development.
- Are conducted in facilities that are sufficient to permit adequate training.
- Meet an employment “potential” found to exist by any survey of the Board concerning economic opportunities.

Statute gives the Board the responsibility for allocating, distributing, and administering CVA funds. System staff perform these duties on a daily basis. Colorado Vocational Act funds are not available for post-secondary education programs. In Fiscal Year 2005 the General Assembly appropriated about \$20 million for CVA.

Federal Perkins Act

The federal Perkins Act was first enacted in 1984 and has been reauthorized twice, most recently in 1998. The current Perkins Act expired in 2003, and at the time of the audit, Congress was debating a new version of the law. In contrast to CVA, Perkins provides funding for career and technical education programs at both the secondary and post-secondary levels. Perkins Act goals include improving academic standards at the state level; promoting the integration of academic and career and technical education; and providing national research to improve career and technical education programs, services, and activities.

The Perkins Act provides two types of funding for these programs. Under Title I, school districts and public or nonprofit post-secondary institutions may purchase supplemental equipment, supplies, and books for their approved career and technical education programs. However, Perkins monies cannot be used to supplant, or replace, non-federal funds. For example, Perkins subrecipients cannot use this funding to provide basic classroom necessities, such as a building or furniture. Title II of Perkins can be used to support “tech-prep” programs at the local level. These programs combine two years of secondary classes with two years of post-secondary classes in sequence. In Fiscal Year 2005 the federal government allocated Colorado about \$16.1 million in Title I and about \$1.4 million in Title II funds, for a total of about \$17.5 million in Perkins funding.

Federal law requires states to designate an agency to administer Perkins funds, and state statute gives this responsibility to the Board. In this role, the Board’s duties include creating a state plan for administering Perkins funds and instituting statewide performance measures that subrecipients must meet for the State to continue receiving Perkins funding. System staff manage the day-to-day Perkins operations on behalf of the Board. According to the System, Colorado is unique in having one agency overseeing Perkins programs for both secondary and post-secondary institutions.

Approved Programs

The System approves programs for funding under CVA and Perkins based on the respective criteria established under law and regulation. As of December 2005, there were about 1,900 (600 post-secondary and 1,300 secondary) approved career and technical education programs in the State, with total enrollments of about 129,000 students. The table below breaks down the enrollment figures by program area.

Colorado Community College System Number of Approved Career and Technical Education Programs ¹ and Enrollment Figures ²								
Program Area ³	Post-Secondary				Secondary			
	Programs	% of Total	Enrollment	% of Total	Programs	% of Total	Enrollment	% of Total
Agriculture	51	8%	1,183	4%	98	8%	4,573	4%
Business	119	20%	4,884	17%	276	21%	43,166	43%
Family & Consumer Science	40	7%	1,667	6%	367	28%	21,061	21%
Health	164	27%	9,369	33%	33	3%	1,341	1%
Marketing	17	3%	611	2%	90	7%	8,854	9%
Multi-Occupational Coop	1	0%	0	0%	15	1%	318	0%
Special Programs	9	1%	865	3%	123	10%	6,633	7%
Technical	96	16%	3,000	11%	109	8%	6,213	6%
Trades and Industry	111	18%	6,964	24%	177	14%	8,753	9%
Total	608	100%	28,543	100%	1,288	100%	100,912	100%

Source: Office of the State Auditor’s analysis of data provided by the Colorado Community College System.
¹ Number of approved programs as of December 2005.
² Enrollment figures as of the end of Fiscal Year 2004. Fiscal Year 2005 figures were not available at the time of our audit.
³ Please see Appendix A for more information about the types of courses taught in each of these program areas.

As the table shows, about three-quarters of post-secondary students are enrolled in health, business, and trades programs. More than half of secondary students are enrolled in business and family and consumer science programs.

Funding

The Colorado Vocational Act and Perkins provide supplemental funding for career and technical education programs. For example, the System reported that CVA funds represented about 23 percent of all monies spent on secondary school career and technical education programs in Fiscal Year 2004. The remaining monies generally come from the State's general fund, which provides per-pupil funding under the formula established in the Public School Finance Act, and local sources, such as property and specific ownership taxes. Similarly, Perkins provides a minority of funding for post-secondary career and technical education programs, with the remaining funding generally coming from tuition paid by students and state general funds that are based on the number of career and technical education course credit hours provided to resident students.

For Fiscal Year 2005, 151 of the State's 178 school districts received Colorado Vocational Act funds. A total of 160 school districts and 20 post-secondary institutions received Perkins funds in Fiscal Year 2005. The post-secondary institutions include 13 community colleges, 4 area vocational schools, 2 local district colleges, and one 4-year college that offers career and technical education programs. Perkins subrecipients with allocations of \$15,000 or less typically must join consortia to receive these funds. The purpose of a consortium is to allow smaller schools to pool Perkins funds so they can be used more effectively. In Fiscal Year 2005, 108 school districts belonged to 17 Perkins consortia. School districts not receiving CVA or Perkins funds typically do not teach career and technical education courses. Appendix B lists specific amounts received by or allocated to each subrecipient in Fiscal Year 2005 for both programs.

The table on the next page shows the amount of CVA and Perkins funding administered by the System since Fiscal Year 2001. The CVA funds reflect the amounts appropriated by the General Assembly annually, all of which come from the state general fund. The Perkins funds show Colorado's annual allocation from the federal government. Together these amounts represent the total career and technical education dollars administered by the System. The table shows that funds available for distribution under both CVA and Perkins have gradually increased since Fiscal Year 2001 by almost 14 percent.

Colorado Community College System Career and Technical Education Funding Fiscal Years 2001 Through 2005						
Program	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Percentage Change 2001-2005
Colorado Vocational Act ¹	\$17,792,850	\$18,504,564	\$19,374,279	\$19,742,390	\$19,959,556	12%
Perkins Act ²						
Title I	\$13,684,438	\$14,415,073	\$15,494,849	\$15,876,159	\$16,089,988	18%
Title II - Tech Prep	\$1,414,259	\$1,420,073	\$1,453,811	\$1,455,557	\$1,448,278	2%
Total Perkins	\$15,098,697	\$15,835,146	\$16,948,660	\$17,331,716	\$17,538,266	16%
Total Career and Technical Education Funding Administered by the System	\$32,891,547	\$34,339,710	\$36,322,939	\$37,074,106	\$37,497,822	14%

Source: Office of the State Auditor's analysis of data from the Colorado Community College System.

¹ Amount appropriated by the General Assembly.

² Amount allocated to Colorado by the federal government.

The General Assembly appropriates Colorado Vocational Act funds to the Colorado Department of Education (Department). The Department then transfers the funds to the System, which distributes the entire amount to school districts. To receive CVA funds, districts must demonstrate that the cost for a full-time equivalent (FTE) student for their approved career and technical education programs exceeds 70 percent of their regular per-pupil funding. For example, if a district's regular per-pupil funding is \$5,000, it would be eligible for CVA funds if the per-FTE costs for its career and technical education programs exceed \$3,500 ($\$5,000 \times 70\%$). If this is the case, districts receive a portion of these excess costs based on CVA's statutory formula. Generally, the formula provides 80 percent of the first \$1,250 by which a district's per-FTE cost for a career and technical education program exceeds its regular per-pupil funding and 50 percent of per-FTE costs that exceed regular per-pupil costs by more than \$1,250. The System makes quarterly payments on the basis of the districts' estimates of their CVA-eligible expenses at the beginning of each fiscal year. If districts over- or underestimate their eligible expenses, the System adjusts their quarterly payment accordingly in the first quarter of the following year. Since at least Fiscal Year 2001, the General Assembly's CVA appropriation has not been sufficient to cover all eligible CVA expenses. Therefore, districts have received prorated reimbursements from the System ranging from 73 to 83 percent of their eligible expenses.

Perkins operates on a reimbursement basis in Colorado. Subrecipients request reimbursement for Perkins-eligible expenses from the System, which in turn draws down funds on a monthly basis from the federal government. Under Perkins, the System may use up to 5 percent of the Title I grant for administrative expenses, such as reviewing local plans for using Perkins funds, monitoring and evaluating program effectiveness, and providing technical assistance. The System may also use up to 10 percent of the Title I grant for leadership activities. Leadership funds may be used for a variety of purposes, including expanding the use of technology in career and technical education and providing professional development for teachers. The System reported holding back the maximum amount of administrative and leadership dollars each year, which totaled about \$2.4 million in Fiscal Year 2005, since at least Fiscal Year 2001. In addition, subrecipients may spend up to 5 percent of their allocated funds on administration. Therefore, up to 20 percent of the Title I grant may be used for purposes other than direct classroom support.

At the state level, the System distributes 85 percent of Title I funds to subrecipients, using federal formulas based on factors including the percentage of low-income population in school districts, census data on the population between ages 5 and 17 in districts, and the percentage of students at post-secondary institutions receiving Pell grants. Of the 85 percent of Perkins Title I funds distributed to subrecipients (about \$13.7 million in Fiscal Year 2005), the System currently allocates 60 percent to post-secondary institutions and 40 percent to school districts. The System's rationale for this distribution is that the Colorado Vocational Act provides additional career and technical education funding to school districts that is not available to post-secondary subrecipients.

The System also uses the allowed 5 percent for administering Perkins Title II funds (about \$72,000 was allocated for this purpose in Fiscal Year 2005) and distributes the rest in the form of competitive and invitational grants to both secondary and post-secondary subrecipients (about \$1.4 million allocated in Fiscal Year 2005).

Staffing

At the time of our audit, 46 System staff representing about 33 FTE worked directly or indirectly on some aspect of the CVA and Perkins programs. Job duties performed by these staff include approving programs for funding; assisting subrecipients with curriculum development; monitoring subrecipients for compliance with applicable laws and regulations; advising state chapters of career and technical student organizations, such as Future Farmers of America; and accounting for all funds spent. As mentioned previously, the System retains 5 percent of the Title I and Title II grants for administrative costs and 10 percent of the Title I grant for leadership activities. The System uses these funds to support staff with Perkins-related job functions. The System also uses state general funds to support Perkins

staff because the federal government requires states to match Perkins administrative expenses with non-federal funds. CVA does not have any provisions allowing its funds to cover administrative costs. Therefore, the System uses state general funds to pay CVA-related administrative costs. Total state general funds used for staffing in Fiscal Year 2005 totaled about \$100,000 to administer CVA and about \$560,000 to provide the required non-federal Perkins administrative match.

The table below shows the System’s expenditures and appropriated FTE related to CVA and Perkins for Fiscal Years 2001 through 2005. The table divides the Perkins expenditures into administrative and leadership costs that are federally funded and administrative costs supported by state general funds used to meet the non-federal match under Perkins.

Colorado Community College System Career and Technical Education Administrative and Leadership Expenditures and Appropriated FTE Fiscal Years 2001 Through 2005						
Category	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Percentage Change 2001-2005
Colorado Vocational Act Administration ¹ (State General Funds)	\$85,148	\$102,839	\$54,327	\$57,210	\$102,339	20%
Perkins Administration-Title I ² (Federal Funds)	\$613,585	\$576,713	\$764,314	\$592,397	\$760,126	24%
Perkins Administration-Title I ² (State General Funds)	\$622,451	\$620,346	\$614,830	\$563,719	\$564,490	-9%
Perkins Administration - Title II (Federal Funds)	\$37,699	\$54,565	\$94,994	\$85,276	\$18,758	-50%
Perkins Leadership (Federal Funds)	\$1,254,904	\$1,528,483	\$1,190,411	\$1,343,660	\$1,520,878	21%
Total Operational Costs	\$2,613,787	\$2,882,946	\$2,718,876	\$2,642,262	\$2,966,591	13%
Appropriated FTE for Career and Technical Education Programs	37.5	34.2	34.2	34.2	34.2	-9%

Source: Office of the State Auditor’s analysis of data provided by the Colorado Community College System.

¹ The System charged some Colorado Vocational Act administrative expenses to the cost center associated with the Perkins administrative match in Fiscal Years 2003 and 2004, accounting for the decline in the figures for those years. We discuss this issue in Chapter 2.

² In Fiscal Years 2003, 2004, and 2005, the State did not meet federal requirements that require a dollar-to-dollar match of non-federal to federal dollars used for administering Title I of Perkins. We discuss this issue in Chapter 2.

Audit Scope

Our audit focused on the System's administration of the Colorado Vocational Act and Title I of the federal Perkins Act. In particular, we evaluated the System's methods for approving career and technical education programs for CVA and Perkins funding, credentialing career and technical education instructors, and monitoring and auditing subrecipients. In addition, we conducted site visits at eight Perkins subrecipients across the State. At each subrecipient site, we interviewed staff about how they administer their programs and tested a sample of CVA and Perkins transactions to determine if the subrecipients were spending these funds in accordance with applicable laws and regulations. In addition, we reviewed the System's methods for collecting and reporting on accountability data. Finally, we assessed the System's administrative effectiveness in managing the Perkins grant and reviewed grant revenues and expenditures.

Our audit did not include a review of the System's administration of Perkins Title II (tech-prep) funds.

Program Quality

Chapter 1

Introduction

Under Section 23-8-103, C.R.S., the State Board for Community Colleges and Occupational Education (Board) is required to approve career and technical education programs before they can receive funding through the Colorado Vocational Act (CVA) and/or the federal Carl D. Perkins Vocational and Applied Technology Education Act (Perkins). To be approved, programs must meet minimum requirements set forth in Colorado statute and the Board's rules. These generally require programs to provide entry-level occupational skills, meet an existing employment need, have an advisory committee, and not duplicate other programs unnecessarily. For Fiscal Year 2005, the approximately 1,900 approved programs received about \$20 million from CVA and about \$13.7 million from Perkins.

CVA and Perkins both require the System to collect and report data on the outcomes of students who participate in approved career and technical education programs. Section 23-8-104, C.R.S., requires the System to report annually to the General Assembly on the employment outcomes of students who participate in CVA-funded programs, the types of programs funded by CVA, and the costs of those programs. CVA does not set minimum performance outcomes for approved career and technical education programs. Perkins has established 14 performance sub-indicators, seven each for secondary and post-secondary students, which measure the rate at which students complete the programs, find related employment, and retain their jobs. The System must report annually to the United States Department of Education (USDOE) on how it performed on each sub-indicator. If the System does not meet the standards it negotiated with the USDOE for the Perkins sub-indicators, it will be put on an improvement plan and could lose funding if its performance does not improve.

We reviewed whether System staff ensure that all program approval applicants meet minimum standards before staff grant programs funding. We also reviewed the methods used by the System to determine if approved programs are meeting CVA and Perkins accountability standards. Overall, we identified weaknesses in the System's program approval activities that raise concerns whether standards are met. We also found that the System allows expired programs and programs that appear to be academic in nature to receive CVA and Perkins funding. Finally, we discovered weaknesses with the System's collection and use of accountability data.

This chapter discusses ways in which the System can improve the effectiveness of its program approval and accountability data processes to ensure that approved career and technical education programs meet minimum quality standards.

Program Approval

The System has developed a single standardized online process to approve programs for both Colorado Vocational Act and Perkins funding. As indicated earlier, there are currently about 1,900 approved programs. System staff review applications to determine if programs meet minimum statutory and regulatory requirements. Subrecipients must generally apply for a program's renewal every five years. The table on the next page shows the number of programs the System has approved and renewed during Fiscal Years 2001 through 2005. Over the period, the volume of program approvals and renewals has more than doubled. System staff indicate that they never deny a program approval, because staff work with school districts and post-secondary institutions to ensure that all submittals are for viable programs.

Colorado Community College System Number of Vocational Programs Approved or Renewed Annually¹ Fiscal Years 2001 Through 2005						
Program Area	Fiscal Year					Percentage Change 2001-2005
	2001	2002	2003	2004	2005	
Agriculture	30	16	23	17	47	57%
Business	66	71	32	43	162	145%
Family & Consumer Science	40	49	105	128	75	88%
Health	36	32	10	47	43	19%
Marketing	23	17	16	18	39	70%
Multi-Occupational Coop	5	1	4	3	4	-20%
Special Programs	15	33	13	40	35	133%
Technical	19	25	39	48	64	237%
Trades and Industry	18	36	46	49	101	461%
Total²	252	280	288	393	570	126%

Source: Office of the State Auditor’s analysis of data provided by the Colorado Community College System.

¹ Numbers combine approvals for new and for renewing programs.

² The System extended the renewal period for many programs to six years when it moved its main office.

Initial and renewal approval requirements are specified within the Board-approved Program Approval Accountability Standards adopted in 2002. These standards generally require that applications for new programs provide occupational outlook data to show that the program fulfills an occupational need. Additionally, the standards require that programs submitted for renewal meet certain five-year trend data performance standards. Subrecipients must also certify that other requirements are met through a series of assurances, such as maintaining a local advisory committee to guide the program, having credentialed instructors, and establishing articulation agreements between school districts and post-secondary institutions that link their career and technical education programs.

Application Process

To determine if the System ensures that all career and technical education programs meet minimum standards before being approved for state and federal funding, we reviewed 25 program approval applications (12 new programs and 13 renewals) evaluated by System staff from Fiscal Years 2000 through 2006. In 17 (68 percent) of the 25 files we reviewed, we found a lack of evidence that the programs met all statutory and regulatory requirements before being approved by staff. The results are summarized below.

- **Nine of twelve newly approved programs either provided inadequate occupational outlook data or were missing occupational outlook data entirely.** Statute requires that programs provide evidence that they meet an occupational need in the form of a Board-approved survey. The Board's standards require that this survey information come from Colorado Department of Labor occupational outlook data and other state and national reports. For five programs, the System approved the program, even though no outlook data were submitted. For the other four programs, the System approved the program based on outlook data that did not meet statutory requirements. For example, staff approved one program that did not include data about potential employment needs, as required by statute. Instead, outlook data were taken from a national professional association Web page and consisted of a conceptual description of the program field along with a general summary of its value to society. For another program, although United States Department of Labor data were submitted, they provided no indication of state or local employment needs.
- **Seven of twelve newly approved programs indicated that they would prepare students for occupations which appeared inappropriate or outside the realm of the suggested curriculum.** To determine whether a program's curriculum is providing students with entry-level occupational skills, program approval applications require a list of occupations for which the program is preparing students. Occupational outlook data would then presumably be based on the occupations listed. For these seven programs, the listed occupations did not appear attainable through the proposed curriculum. For example, a two-semester post-secondary gerontology program listed entry-level occupations such as dietician, nutritionist, and registered nurse. Considering that the program does not include any nutrition or nursing courses (only one course addressed elderly health and wellness issues), we question the validity of suggesting that the program prepares students for these occupations. Staff agreed that the appropriate training for the listed occupations could not be obtained based solely on the completion of this program. Including inappropriate occupations in the program

approval application misrepresents the employment outlook for the program and for participating students.

- **Five of thirteen renewed programs had deficiencies in two or more performance measures within the trend data.** To be renewed, programs must demonstrate they meet the Board's standards requiring steady or increased performance on five-year trend measures such as enrollment, continuing education, job placement, and program completers. The standards define steady or increased performance as no greater than a 30 percent decline during the five-year period. Additionally, programs must compare favorably with other similar programs in the State on the aforementioned performance measures, as indicated by a negative variation no greater than 30 percent.

If a program possesses deficiencies in two or more areas, the standards require that the System put the program on conditional status for a term shorter than five years, during which the program must improve its performance or risk losing approval (and therefore funding). Staff granted five programs an unconditional renewal despite deficiencies in at least two of these areas. For instance, staff approved one program that experienced a 61 percent decline in completion rates, a 50 percent decline in continuing education rates, and an 83 percent decline in job placement rates during the five-year period, as well as an overall employment rate nearly 60 percent below the statewide average.

- **Three of thirteen renewed programs were missing all or part of the required five-year trend data, indicating that they were never examined.** These three programs received unconditional renewals, despite the fact that all or part of the five-year trend data were not included in the renewal application.

Several factors appear to have caused these deficiencies. First, for initial program approvals, the System has not adequately defined what occupational outlook data must accompany applications, or how staff should evaluate these data. Second, for renewal approvals, staff are not applying criteria correctly. For example, the Board defines trend data as positive if the performance indicators do not decrease by more than 30 percent during the previous five years or are no more than 30 percent lower than the statewide average. However, staff have interpreted this standard to mean 30 *points*. For example, one program had an average job placement rate of 7 percent, whereas the statewide job placement rate was 26 percent. Staff indicated that they considered this only a 19-point difference ($26 - 7 = 19$) from the state rate when it truly represented a 73 percent difference [$(26 - 7) / 26 = 73\%$]. Third, for both types of approvals, the supervisory review appears inadequate. Staff make

recommendations for approvals that supervisors then approve. We did not find evidence that supervisors questioned any of the exceptions from our file review. Finally, System staff indicated that the program approval criteria currently contained in the CVA statute and in the Board's standards may be outdated. Specifically, these criteria do not reflect how career and technical education has evolved since CVA was enacted in 1970. According to staff, the goal of career and technical education today is not only to prepare students to obtain jobs directly after completing high school but also to provide general job readiness skills and to prepare them for further training that will lead to higher-paying jobs.

As previously mentioned, the Colorado Vocational Act and Perkins provide supplemental funding for career and technical education programs. Since CVA and Perkins funding is capped annually and divided among all approved programs, it is important that the System only approve or renew programs for funding that meet the minimum standards required by these laws. Otherwise, limited funds may be spent on programs that have not been successful in training students for entry-level jobs or do not fulfill documented employment needs; this could ultimately result in the denial of additional funds to programs with demonstrated successes. The System should improve its evaluation of new and renewing programs to ensure that CVA and Perkins funds are targeted effectively to those programs that meet requirements and provide the most benefit to students. In addition, the System should reevaluate the appropriateness of its current statutory and regulatory criteria for approving career and technical education programs and seek changes as necessary to ensure that approved programs are adequately preparing students for the current job market.

Recommendation No. 1:

The Colorado Community College System should improve its evaluation of new and renewal program applications by ensuring that programs provide students with entry-level skills, job readiness skills, or the ability to articulate to further training. This should include reevaluating the appropriateness of current statutory and regulatory criteria for approving career and technical education programs and seeking changes as necessary. The System should establish supervisory reviews to ensure staff document compliance with established criteria prior to approving programs for funding.

Colorado Community College System Response:

Agree. Implementation Date: December 2006.

CCCS will ensure that emphasis in the program approval process is on entry-level occupational opportunities. However, because most jobs require additional training beyond high school, occupations that require additional education also may be included. CCCS will recommend consideration of statutory (CVA) and rule changes to allow programs to include careers that require additional training. CCCS will review the appropriateness of all current program review criteria and recommend statutory and rule changes as necessary. CCCS will ensure that supervisory reviews are adequate for identifying and correcting errors in the program approval process.

Expired Programs

As mentioned previously, institutions can only receive funding under the Colorado Vocational Act and Perkins for approved programs. We found that the System classifies some programs as “expired active,” meaning they are existing programs whose approvals were not renewed timely. Under Board rules, these programs no longer qualify for funding. Specifically, Board rules state that programs must be approved before the expiration of the prior approval period and that approval must occur by the end of the fiscal year to receive funding for all costs incurred that year. We ran an “Expired Programs” report from the System’s Web site in June 2005 and found that it contained the names of 82 expired active programs, which represents about 4 percent of the approximately 1,900 approved programs. Of the 82 programs, 59 expired in Fiscal Year 2005; 20 expired in Fiscal Year 2004; 2 expired in Fiscal Year 2003; and 1 expired in Fiscal Year 2002. We reviewed Colorado Vocational Act final financial reports and Perkins reimbursement requests to determine if the expired programs received CVA and/or Perkins funding after their expiration dates. We did not calculate these figures for programs that expired in Fiscal Year 2005, because staff interpret the CVA statute to say that any program approved at the beginning of a fiscal year is eligible for funding throughout the fiscal year regardless of expiration date. (Our review of the statute found this to be a reasonable interpretation.) We identified that 4 (17 percent) of the 23 programs that expired in Fiscal Year 2004 or earlier received CVA funding totaling about \$44,000 and Perkins funding totaling at least \$28,000 after their expiration dates in Fiscal Years 2002 through 2005. Of these amounts, the program that expired in Fiscal Year 2002 received about \$41,000 in CVA funds during this period.

Our calculation of the amount of Perkins funds used to reimburse the 23 expired programs is conservative. We were unable to determine the total amount of Perkins funding received because the subrecipients' reimbursement requests did not always contain sufficient detail about which programs would receive the funds. Of these 23 programs, only 5 (22 percent) were specifically mentioned by name in the subrecipients' Perkins budget or continuation plan for these years, suggesting that the subrecipients intended to spend Perkins funds on them. Finally, we identified a small number of entries (8 of 82 total programs in the report, or about 10 percent) in which the program's expiration date on the Expired Programs report did not agree with the dates in the System's approved program list or in the paper files.

The Expired Programs report was not introduced by the System until June 2005. Previous to that date, staff could have used a report called All Approved Programs, available online since at least Fiscal Year 2003, to determine if subrecipients were requesting reimbursement for expired programs; however, staff stated they have not used the Expired Programs and All Approved Programs reports for this purpose. Staff should begin utilizing the Expired Programs report during their reviews of CVA and Perkins reimbursement requests to ensure that expired programs do not receive Perkins and CVA funding. If staff are unable to determine if subrecipients are claiming reimbursement for expired programs, they should request additional information from the subrecipients before approving the request. Since funding is limited, the System should ensure monies are not spent on programs that have expired.

We also found that the CVA statute and Board rules allow expiring programs to receive continued CVA and Perkins funding for an extended period without being approved again. As noted previously, the statute requires that the System provide CVA funding for the entire fiscal year to any program approved as of July 1 of that fiscal year. Also, Board rules allow retroactive funding for programs approved by the end of the fiscal year. Consequently, an expired program could conceivably go almost two years without being approved and still receive funding for the entire period in which it was not approved. For example, a program that expires on July 2, 2005, would be eligible under the CVA statute for funding for all of Fiscal Year 2006 because it was approved as of July 1, 2005. Further, the program would be eligible for funding under Board rules for all of Fiscal Year 2007 if the program were renewed by June 30, 2007. Having standards that allow programs to receive funding without being approved by the System for almost two years weakens program accountability. Therefore, the System should reevaluate its regulations to ensure that career and technical education programs do not receive continued CVA and Perkins funding without being renewed timely.

Recommendation No. 2:

The Colorado Community College System should ensure that programs whose approvals have expired do not receive Colorado Vocational Act or Perkins funding by:

- a. Prohibiting reimbursement for programs that are expired, as determined by Board criteria.
- b. Routinely monitoring the status of programs using the Expired Programs report before processing CVA and Perkins reimbursement requests.
- c. Reevaluating its regulations to ensure that programs do not receive continued CVA and Perkins funding without being renewed timely.

Colorado Community College System Response:

Agree. Implementation Date: July 2007, because regulatory change may be required.

- a. CCCS agrees to prohibit funding for programs that are expired. However, Perkins and CVA funds are available for each fiscal year in which a program has a valid approval, regardless of the approval or renewal date. Section 23-8-102(1)(b), C.R.S., states that the State shall provide funding for each 12-month period beginning July 1 to each school district, etc., offering an approved career and technical education program.
- b. CCCS agrees that fiscal staff will be notified of programs not renewed for the next fiscal year by June 30.
- c. CCCS agrees to reevaluate its regulations to ensure that programs do not receive continued Perkins and CVA funding if they do not have a valid approval effective during the fiscal year that funding is received.

Academic Courses

The purpose of the Colorado Vocational Act and Perkins is to help fund career and technical education programs that will provide students with specific entry-level skills to obtain in-demand jobs. During our site visits to CVA and Perkins

subrecipients, we found that one school district appears to include academic-type courses in its Alternative Cooperative Education (ACE) program. ACE is a career and technical education program designed to provide disadvantaged and/or disabled students with entry-level job skills to enter the Colorado labor force. ACE programs place students on the job under a training plan agreed upon by the student, employer, parent, and career and technical education coordinator. The program also provides related classroom instruction to meet the individual needs of the student.

For this district, we found that its ACE program includes courses such as biology, American history, historical novels, English, and geometry. This program received about \$480,000 in CVA funding for Fiscal Year 2005, or about 2 percent of all CVA funds available statewide. We reviewed the course descriptions for these classes and concluded that the courses were not substantially different from the academic courses with similar names offered outside of the ACE program. Staff at the school district indicated that one of the purposes of its ACE program is to allow 11th and 12th graders at risk of dropping out to recover credits for basic classes like English and math that they failed to obtain earlier in high school.

It is not clear that these academic-type classes should receive CVA and/or Perkins funding reserved for career and technical education programs. Section 23-8-103, C.R.S., clearly requires career and technical education programs to provide entry-level occupational skills as a condition for approval and funding through CVA and/or Perkins. However, a consensus does not exist among System staff about whether the academic-type courses in the ACE program at the school district we identified meet this requirement. We reviewed the course lists for other districts' ACE programs and found little evidence that other school districts include academic-type courses in their ACE programs. Further, one of the other districts we visited reported that it purposely does not include academic ACE courses in its program approval applications because it does not believe that they qualify as vocational education. Finally, the Colorado Department of Education administers programs that help at-risk students, and it is unclear if funding academic ACE courses with CVA dollars duplicates those efforts.

System management should review this issue and conclude whether academic classes offered through an ACE program meet the intent and requirements of the Colorado Vocational Act and Perkins. If so, then the System should ensure that all school districts are aware that they can include academic courses in their ACE program. The System should also establish guidelines for determining which academic courses may be reimbursed with CVA and Perkins funding. If not, then the System should ensure that academic courses do not receive reimbursement under CVA and Perkins. This is also a concern because of equity issues. Since a fixed amount is appropriated for CVA annually, every dollar this school district receives in reimbursement for the academic-type courses in its ACE program represents a dollar that is not available

to other school districts in the State. If the System concludes that CVA and Perkins intend to support these academic classes, then it should ensure that all districts have the opportunity to claim reimbursement for them.

Recommendation No. 3:

The Colorado Community College System should clarify whether school districts may receive Colorado Vocational Act (CVA) and/or Perkins reimbursement for academic courses such as English, biology, and American History offered through Alternative Cooperative Education (ACE) programs. If the System concludes funding is appropriate, it should ensure that all school districts are aware of this policy and establish guidelines for determining which academic courses are reimbursable. If not, then the System should ensure that CVA and Perkins funds are not used to reimburse school districts for academic courses.

Colorado Community College System Response:

Agree. Implementation Date: July 2006.

CCCS will ensure that school districts do not receive funding for academic courses offered through ACE programs. Notification and training will be implemented in February 2006.

Program Accountability Data

The System uses the same data collection system for both CVA and Perkins data reporting requirements. School districts either enter data directly onto the System's data collection Web site or submit a text file. For community colleges and area vocational schools, staff extract the data from the System's own student information database. Local district colleges submit files from their own student databases. The information submitted by schools and colleges includes enrollment, student demographics (e.g., gender, race, and economic status), and the student's completion and employment status. The System processes the submitted data to produce the annual CVA and Perkins reports.

We reviewed the System's Colorado Vocational Act and Perkins accountability reports for Fiscal Years 2001 through 2004 to determine if the State's career and technical education programs are meeting required minimum standards (Fiscal Year 2005 reports were not available at the time of our audit). For CVA, we found that the System uses individual program five-year trend data related to performance to

determine if programs should be renewed and remain eligible for funding. We discussed concerns with this process in a previous section. For Perkins, the System negotiated minimum performance standards with the USDOE that the State's career and technical education programs must meet each year. We found that the State has met its negotiated Perkins standards each year except Fiscal Year 2001. As we discuss later in this chapter, staff reported that unreliable data were a key reason the State missed its Perkins standards for Fiscal Year 2001.

Additionally, we reviewed the System's methods for collecting and verifying its accountability data to determine if the data are reliable for assessing the success of the State's career and technical education programs. Overall, we found that the data are not reliable because of data reporting errors, the lack of complete data, and inconsistent reporting methods. We discuss these issues in the next two sections.

Data Reporting Errors

Through our review of the System's accountability reports and data collection methods, we found that the System often collects and reports unreliable data. For example, the System reported to the USDOE that the main reason Colorado did not meet its Perkins standard for Fiscal Year 2001 is that one of the State's larger school districts mistakenly reported that none of its 12th grade career and technical education participants graduated from high school. According to the System, the school district believed that another state agency would be reporting graduation information to the System. In response to this error, the System implemented an edit check that requires school districts to confirm their number of graduates when they report that number as zero.

Further, for Fiscal Year 2003 data, the System belatedly discovered a loophole in its data collection system that allowed subrecipients to report more than one placement outcome per student. As a result, the Fiscal Year 2003 Perkins placement rates for individual subrecipients and the State overall were overstated. For example, about 14 percent of subrecipients had placement rates greater than 100 percent, which is not possible. The System responded to this error by posting new guidance on its data collection Web site to prevent subrecipients from submitting placement data in error. It also plans to reprogram the Web site to allow no more than one placement outcome per student.

Finally, the System has identified subrecipient reporting errors through data reliability testing during monitoring visits. The System first committed to reviewing subrecipient data reliability in its 1999 state Perkins plan; however, staff did not begin testing data until Fiscal Year 2005. This testing, which reviewed accountability data from Fiscal Year 2004, involves pulling a sample of students for the subrecipient being monitored and then reviewing pertinent documentation (e.g.,

transcripts) on-site. The System identified reporting errors at four of the seven (57 percent) subrecipients tested. Errors included reporting students as having graduated when they did not and identifying students as economically disadvantaged when they were not. Two of the subrecipients had error rates higher than 50 percent for the sample tested.

Before the System began data reliability testing in Fiscal Year 2005, its primary methods for ensuring that data were reliable included providing training to subrecipients, running edit checks on data received, and having subrecipients review the data they submitted and certify they are accurate. However, the examples above indicate that these procedures have not been adequate to ensure that the System is collecting reliable data. In particular, although the System has done a good job of fixing problems once they occur, it does not appear to have been proactive in identifying potential problems.

The System's use of data reliability testing can be an effective tool for identifying and preventing statewide data reporting errors. However, the System's current testing procedures are limited in several ways. For example:

- **The System does not test enough subrecipients.** In the five-year state Perkins plan dated June 1999, the System committed to analyzing the data submitted by subrecipients at least once every five years. With approximately 100 subrecipients, this would require that the System test the data from an average of 20 subrecipients each year. However, the System has only performed this analysis on the seven subrecipients tested in Fiscal Year 2005. In addition, the System only plans to test another seven subrecipients in Fiscal Year 2006. At this rate, the System would take about 14 years to test the data reliability of the approximately 100 current Perkins subrecipients. The System should develop a risk-based approach to conducting data reliability testing that increases the number of subrecipients receiving these reviews annually.
- **The System's sample sizes for testing data reliability may not be appropriate.** Currently staff select a random sample of 15 student records for testing at each site, regardless of the subrecipient's career and technical education enrollment. Considering that enrollment varied from 91 to 3,689 at the seven subrecipients monitored in Fiscal Year 2005, the System should consider basing sample size at least in part on size of enrollment. The System should also ensure that staff test all student records in the sample. We found the number of records actually tested at the seven monitoring visits in Fiscal Year 2005 ranged between 6 and 9 rather than the entire sample of 15.

- **The System does not usually identify the causes of data reporting errors or follow up on them.** Although staff reported attempting to determine the causes of data reporting errors, we found little evidence this occurred. We believe that the System should use the data reliability testing to identify these causes. For example, when staff identify errors, the System should require the recipient to implement a corrective action plan, subject to System review and approval, that identifies and corrects the causes of the errors. For the four subrecipients above with identified data reporting errors, we found evidence that only one of the four had implemented a plan to correct its current mistakes and prevent future ones. However, System staff report that they do not plan on following up to determine the effectiveness of this plan. The System should monitor corrective action plans as necessary to ensure that the accuracy of subrecipients' data improves.

Accurate accountability data are important because both System and subrecipient staff analyze these data to determine the success of the State's career and technical education programs and plan future program activities. Without accurate data, this analysis has little value and may result in the wrong conclusions about program performance. The General Assembly and the USDOE also rely on the System to provide accurate data about the State's career and technical education programs. Finally, inaccurate data can cost the State federal funds. For example, when the State missed its negotiated Perkins standards in Fiscal Year 2001, which staff reported was mainly due to inaccurate data, it became ineligible to receive a federal incentive grant that likely would have equaled at least \$1 million. Further, if the State were to miss its negotiated Perkins standards in consecutive years, it risks having its Perkins funding reduced. To ensure accurate reporting, the System should take action as outlined above to improve the reliability of data collected.

Recommendation No. 4:

The Colorado Community College System should improve the reliability of accountability data for career and technical education programs by:

- a. Developing and implementing a risk-based approach to conducting on-site data reliability testing.
- b. Ensuring that staff review appropriate sample sizes at each site.
- c. Requiring subrecipients with identified data reporting errors to develop and implement a corrective action plan, subject to System review and approval, that identifies the causes of the errors and minimizes future errors. The

System should monitor the plan as necessary to ensure that the accuracy of the subrecipient's data improves.

Colorado Community College System Response:

Agree. Implementation Date: December 2006.

- a. CCCS currently has some risk-based criteria for data reliability testing. CCCS staff collect data from over 325 high schools. CCCS staff have built-in checks for some data errors. We will examine expanding the process and making it more rigorous, within available resources.
- b. CCCS will review the possibility of assigning additional staff time to on-site reviews, within available resources.
- c. CCCS will require subrecipients with significant, substantive data errors to develop a corrective action plan and will develop criteria for the types of data errors that will require specific corrective action plans.

Outcome Information

Our review of the System's accountability reports also found evidence that accountability data collected are incomplete and inconsistent, as described below.

Employment outcomes. Section 23-8-104, C.R.S., requires the System to compile an annual report on programs funded by the Colorado Vocational Act. According to statute, the System must include information about the "employment experience" of those students who participated in the program, including placement and tenure. We found that the System only collects information on students who complete career and technical education programs, not on all participants. This is a concern because most students do not complete the programs (36 percent completion rate in Fiscal Year 2004, the most recent year that data were available at the time of our audit) and are, therefore, missing from the data on employment outcomes. Staff indicated that the Board has interpreted the word "participant" to mean the same as completer but could not provide any documentation to support this interpretation. Staff also indicated that collecting employment data only for completers provides a more accurate picture of the success of CTE programs.

However, having employment outcome data on all career and technical education participants could be important for determining the success of these programs. For example, if the System were to find that career and technical education non-

completers found and retained jobs at a lower rate than completers, that result would suggest that the programs are successful. Conversely, if non-completers find and retain jobs at equal or higher rates, it could suggest that the programs are not successful or are requiring more courses than necessary for students to find employment. The System should work with the General Assembly to determine if it should collect employment outcome data on all career and technical education participants or just completers and revise its data collection procedures accordingly.

Completion rates. The System's method for calculating program completion rates takes the number of completers for the year and divides it by the number of participants for the same year. This method will not produce consistent results because the completers and participants in the equation are not necessarily part of the same group. For example, for two-year programs, the number of completers would be taken from the group that started the previous year, while the number of participants would be taken from the previous year plus the current one. It would be more accurate for the System to use cohort data to track completion rates because this would measure how many students started a program against the number of students from that same group who finished the program. Staff reported that a System data advisory committee recommended in Fiscal Year 2001 that the System eliminate using cohort data, mainly because of the resources needed to collect them. However, completion rates will not be meaningful without using cohort data. Therefore, the System should revise its data procedures to calculate completion rates based on cohort data, even if on a sample basis.

Completer definitions. School districts and post-secondary institutions define the number of courses students must pass to complete their career and technical education programs when they submit program approval applications to the System. When Colorado Vocational Act and Perkins subrecipients submit data on completion rates, they should use the approved definitions for each program to determine which students will be identified as program completers. We surveyed all participating school districts to find out if they used program completer definitions consistently. We received responses from about 31 percent of those surveyed and found that many districts reported defining completers based on the respective program's requirements. However, we also found that some districts defined students as completers if they just passed a certain number of courses (usually two). It was unclear from the responses if this definition is consistent with those contained in their program approvals. The System should ensure that its data reliability testing, discussed in the previous section, determines if CVA and Perkins subrecipients are reporting completers in accordance with their approved definitions.

Family-supporting wages. One of the System's goals in its state Perkins plan is to provide the skills necessary for career and technical education students to obtain jobs with "family-supporting" wages. We found that the System does not collect these

data consistently and has not defined what constitutes a family-supporting wage. Therefore, it cannot determine if it is meeting this goal. A possible source of this wage information is the Lower Living Standard Income Level (LLSIL) compiled by the United States Department of Labor. The LLSIL is used to qualify low-income individuals for federal programs like the Workforce Investment Act. However, the LLSIL data may have limited use because they are based on data from the Denver metropolitan area. The System should determine if an adequate definition of “family-supporting” wage exists. If so, it should implement procedures to determine if its approved programs are providing the skills necessary to obtain jobs that provide this wage. If not, the System should revise or eliminate attaining family-supporting wages as a goal in the state Perkins plan.

The System spends considerable effort and resources to collect accountability data. The usefulness of these efforts is questionable if the collected data do not provide a complete and consistent picture of program performance. Therefore, the System should take steps to ensure that its accountability data provide the information necessary to make these program evaluations.

Recommendation No. 5:

The Colorado Community College System should improve the completeness and consistency of accountability data for career and technical education programs by:

- a. Working with the General Assembly to determine if the System should collect employment outcome data for all participants, including wage information, or just for completers and revising its data collection procedures accordingly to meet the intent of the General Assembly.
- b. Using cohort data to calculate program completion rates.
- c. Reviewing completer definitions for consistency with subrecipients’ approved program proposals as part of its on-site data reliability testing.
- d. Determining if providing students with the skills to obtain “family-supporting” wages is an attainable goal and, if not, eliminating the goal from the state Perkins plan.

Colorado Community College System Response:

Agree. Implementation Date: July 2007, and perhaps longer to achieve cohort tracking.

- a. CCCS agrees to work with the General Assembly to determine if the System should collect employment outcome data for all participants. These data would be of limited usefulness, since many students take one career and technical education course in high school. CCCS interprets the CVA as requiring the reporting of employment data for students who complete a career and technical education program. CCCS will work with the General Assembly to clarify legislative intent. Furthermore, collecting wage data would require access to databases that are not currently available to CCCS, though CCCS will continue to work with federal and state government agencies to obtain access to these databases.
- b. CCCS agrees that it would be desirable to track cohort data. However, current systems are not set up to track cohort data, and it will take considerable time to achieve cohort tracking on a large scale. Student mobility and the need to use social security numbers or databases containing social security numbers are just two of the current obstacles to collecting cohort data. Gathering cohort data statewide would require significant additional resources at the state and local levels. Current data gathering systems would have to be retooled, and new training would be required at state and local levels. CCCS is working with other agencies toward the goal of collecting cohort data, but we do not expect implementation in the near future due to resource constraints and the obstacles mentioned.
- c. CCCS will review completer definitions as part of on-site monitoring as resources allow.
- d. CCCS agrees. We will eliminate the “family-supporting” goal from the new State Perkins plan when we revise the existing plan on or before April 15, 2006.

Auditor’s Addendum:

As we note in the report, tracking employment outcome data on all career and technical education students could be important for determining the success of these programs. If students that only take one career and technical education course are able to find and retain jobs at rates similar to those students who

complete career and technical education programs, it could suggest that the programs are not successful. This would be important information for the System to use in improving career and technical education programs statewide.

Local Improvement Plans

Section 123 of the Perkins Act requires the System to evaluate subrecipients and determine if they are making “substantial progress” in achieving the State’s negotiated Perkins performance levels, discussed in this chapter’s introduction. If the System determines that a subrecipient is not making this progress, Perkins mandates that the System conduct an assessment to determine the educational needs that must be addressed to overcome local performance deficiencies, enter into an improvement plan based on the results of the assessment, and conduct regular evaluations of the progress being made toward meeting the State’s Perkins goals.

We found that the System does not have a systematic method for identifying subrecipients that are not making substantial progress. We also found that the System does not use local improvement plans to help subrecipients that fall below the State’s Perkins standards better their performance. Instead, staff send individual performance reports to all subrecipients and ask them to self-report the causes of any performance deficiencies. This approach does not meet the criteria of the Perkins Act, which requires the System to make this assessment. The System also asks subrecipients to discuss how they will address any sub-indicators that fall below the state standard in their annual local plan of activities. System staff may also suggest that subrecipients add activities to their Perkins plans to address performance deficiencies. However, these methods are not sufficient because they do not require subrecipients to implement specific strategies to address subpar performance.

We found that a significant number of subrecipients fail to meet the State’s Perkins standards. Specifically, we reviewed Perkins performance reports from Fiscal Years 2003 and 2004 for all subrecipients and found that 29 of 177 (16 percent) subrecipients in 2003 and 23 of 180 (13 percent) subrecipients in 2004 fell below the state standard for Perkins performance. In addition, we found that 9 (5 percent) subrecipients missed the standard in both fiscal years.

For these nine subrecipients, we also reviewed their program files to determine if staff identified these performance deficiencies and recommended plans for improving them. Overall, we found the System’s response was not adequate. For example, while staff noted poor performance or recommended that the subrecipient add activities to address performance issues for three of the subrecipients, the System did not require subrecipients to take specific actions to improve performance. We

also did not find evidence that staff systematically assessed the educational needs the subrecipient should address to overcome its deficiencies, as required by Perkins. Finally, staff did not appear to follow up on performance issues to determine if subrecipients were making progress toward meeting the State's goals.

The System has intended since at least Fiscal Year 2001 to develop a computerized system for flagging programs with poor performance data so that staff could provide more focused technical assistance. Staff reported that this system has not been implemented due to time and resource constraints but remains a priority for Fiscal Year 2006. Staff also reported not having time to review performance reports for each subrecipient and determine which ones are not meeting the State's Perkins standards. However, it only took us a few hours to review these reports and identify the poor-performing subrecipients noted above.

Staff also appeared reluctant to implement improvement plans based on one or two years of performance data, suggesting that five years of data would better reflect an overall trend. The System should establish the criteria that will be used to determine if subrecipients should be subject to local improvement plans and to assess the educational needs that subrecipients must address through the plan to improve their performance.

The System distributed about \$13.7 million to Perkins subrecipients in Fiscal Year 2005. Using local improvement plans can increase subrecipient accountability for these funds and help ensure problems are addressed timely. The plans should state what actions must be taken and outcomes achieved before the subrecipients can be taken off the plan. The plans could also be used to focus funding on problem areas. For example, the USDOE suggested during its Fiscal Year 2003 monitoring visit to Colorado that the System give subrecipients with performance issues less flexibility in spending their Perkins funds so that they target them on problem areas. This is important because students of poor-performing subrecipients may not be receiving the same quality instruction as their peers across the State.

Recommendation No. 6:

The Colorado Community College System should improve its oversight of Perkins grant subrecipients by developing and implementing a more systematic process for using local improvement plans. The process should include:

- a. Establishing criteria for which subrecipients would be subject to these plans, determining the plan's objectives, and ensuring that subrecipients fulfill these objectives.

- b. Determining whether subrecipients should target their Perkins funding toward activities designed to improve performance deficiencies.

Colorado Community College System Response:

Agree. Implementation Date: July 2007, due to resource constraints.

- a. CCCS currently makes some use of the annual Perkins continuation plans as local improvement plans. CCCS will formalize the use of the continuation plans as local improvement plans. CCCS will consider strategies within available resources to do additional follow-up on subrecipients' fulfillment of the objectives of their plans.
 - b. Within the limits set by the Perkins Act, CCCS agrees to require that subrecipients target funds to improve performance deficiencies.
-

Federal Grant Management

Chapter 2

Introduction

Statute designates the State Board for Community Colleges and Occupational Education (Board) as the sole state agency responsible for compliance with federal legislation on career and technical education. Staff at the Colorado Community College System (System) perform this work on the Board's behalf. The System's duties include developing the state plan for career and technical education and administering funds received through the federal Carl D. Perkins Vocational and Applied Technology Education Act (Perkins). The System also administers funds appropriated for the Colorado Vocational Act (CVA). In Fiscal Year 2005, school districts and post-secondary institutions received about \$20 million in CVA funds and \$13.7 million in Perkins funds to provide career and technical education courses to about 129,000 students.

We reviewed the System's administration of CVA and Perkins Title I funds (i.e., the basic grant funding most Perkins activities). Both of these programs are intended to supplement funding for career and technical education courses and thereby help students develop vocational skills. The System draws down Perkins funds from the federal government roughly on a monthly basis. These funds are used for administrative (5 percent) and leadership (10 percent) activities and for distribution to subrecipients (85 percent). Because the System draws Perkins funds down on a reimbursable basis, it must be able to document that it has expended funds before drawing them down from the federal government. In addition, Perkins has a matching requirement for the 5 percent of funds used for administration. Therefore, the System must demonstrate that it expended an equivalent amount of non-federal funds on Perkins administrative functions.

We reviewed the System's Perkins-related expenditures from Fiscal Years 2001 through 2005 to determine if it complied with applicable requirements. We found problems with the System's non-federal Perkins administrative match and its methods for adequately documenting expenditures related to employee salaries and career and technical student organizations (CTSOs). Overall, these weaknesses suggest that the System should reevaluate its controls over Perkins expenditures to ensure requirements are met and Perkins funds are used appropriately.

Administrative Match

Federal law allows the System to use up to 5 percent of the State's basic Perkins grant for administrative expenses. Perkins also requires the System to match on a dollar-for-dollar basis any federal funds used for administration with funds from non-federal sources. The System uses state general funds to make this match. In June 2003 the United States Department of Education (USDOE) performed an on-site review at the System to determine compliance with Perkins requirements and concluded that the System could not document that it met the non-federal administrative match requirement. Our audit found that, two years later, the System has not addressed this problem.

We analyzed the System's federal and non-federal Perkins administrative expenditures to determine if the System complied with the administrative match requirement during Fiscal Years 2001 through 2005. Our findings are similar to the USDOE's. As the table below shows, the System has not consistently made the required match. Specifically, the System spent less in state general funds rather than an amount equal to federal funds in Fiscal Years 2003, 2004, and 2005; in other words, the System did not make the match in these years. On the other hand, the System spent more in state general funds than federal funds on Perkins administration for Fiscal Years 2001 and 2002. This means the System spent state general funds in excess of the available amount of federal matching funds.

Colorado Community College System Perkins Administrative Expenses Fiscal Years 2001 Through 2005					
Funding Source	Fiscal Year				
	2001	2002	2003	2004	2005
Federal Funds	\$613,585	\$576,713	\$764,314	\$592,397	\$760,126
State General Funds	\$622,451	\$620,346	\$614,830	\$563,719	\$564,490
Federal Funds Over (Under) State General Funds	(\$8,866)	(\$43,633)	\$149,484	\$28,678	\$195,636
Federal Matching Requirement Met?	Yes	Yes	No	No	No
Source: Office of the State Auditor's analysis of data provided by the Colorado Community College System.					

If the System does not meet federal matching requirements, it risks having to repay the federal government for the excess portion of the Perkins federal administrative funds spent. Based on the table above, these questioned costs totaled about \$374,000 in Fiscal Years 2003 through 2005. For Fiscal Years 2001 and 2002, when the System spent more on Perkins administration in state funds than it spent in federal funds, the System potentially diverted general fund resources away from other priorities.

We found that the System does not have effective procedures in place to ensure that it makes the required non-federal match consistently and accurately. Currently staff program the accounting system to charge employee salaries to different cost centers funded by either Perkins or non-federal dollars based on the employee's job duties. However, the programming is not designed to charge Perkins administrative expenses equally between Perkins and non-federal cost centers. For example, if an employee's job duties consist solely of Perkins administrative duties, the employee's salary is charged entirely to the Perkins-funded administrative cost center. To ensure the match is made, the System should charge half of the employee's salary to the Perkins cost center and half to a cost center funded by non-federal funds. Other agencies, such as the Department of Human Services, have accounting systems that automatically assign costs in accordance with each federal program's match requirements as long as the employee actually does work under the federal program. The System should develop and implement a systematic method that charges salary and operational costs related to Perkins administrative duties equally between Perkins and non-federal cost centers.

Recommendation No. 7:

The Colorado Community College System should ensure that matching requirements are met for Perkins administrative costs by designing and implementing a process that assigns Perkins administrative costs equally between Perkins and non-federal cost centers.

Colorado Community College System Response:

Agree. Implementation Date: January 2006.

CCCS will ensure that matching requirements are met for Perkins administrative costs.

Time Reporting

Federal Office of Management and Budget (OMB) *Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments* states that grantees must maintain documentation to support the amounts of salaries charged to federal awards. The System's documentation methods for salaries charged to Perkins are based on an unsigned agreement with the USDOE from 1999. The agreement requires the System to verify that the amount of salaries being charged to the Perkins grant correspond to the hours that the employees actually worked on it. This verification is to be completed in one of two ways. Those employees that worked solely on one part of Perkins (i.e., administrative or leadership tasks) are required to submit certification forms semiannually that state the employee spent 100 percent of his or her time on one part of Perkins. Those employees that split time between different parts of Perkins or between Perkins and non-Perkins duties are required to submit a monthly time sheet three times a year detailing the actual time spent on Perkins and non-Perkins duties for that month. The agreement's requirement for semiannual certification forms mirrors OMB *Circular A-87* provisions; however, for employees that split their time, OMB *Circular A-87* requires time sheets for at least every month, as opposed to the three months out of the year specified in the 1999 agreement.

We reviewed the existing time reports from Fiscal Years 2001 through 2005 to determine if employees submitted the time sheets required by the 1999 agreement. We found that 72 percent of the employees whose salaries were wholly or in part paid with Perkins funds did not submit all required time reports. Consequently, we could not confirm that the System was charging these employees' salaries to Perkins correctly. The questioned costs associated with the missing time reports and charged to Perkins totaled about \$2.4 million in salaries over the five-year period.

In addition, we found that the System does not consistently collect time sheets from employees whose salaries are charged to the non-federal match for Perkins administration. This is a concern because under OMB *Circular A-87*, salaries used to meet non-federal matching requirements for Perkins must be substantiated in the same manner as those paid with federal Perkins funds. Further, we found the System's accounting staff charged employee salaries to the match and/or Perkins inconsistently. Specifically, during Fiscal Years 2001 through 2005, System staff charged salaries for 115 employees to cost centers associated with either Perkins or the match. For 15 employees (13 percent), we found that the amounts charged to these cost centers varied. For example, System staff charged about 50 percent of one executive's salary to the match in Fiscal Year 2005, even though this executive reported to us spending only about 10 percent of the time on Perkins-related duties. In Fiscal Year 2004 the System charged only 8 percent of this executive's salary to

the match but 27 percent to Perkins directly. For Fiscal Year 2003 the System again charged 27 percent of this executive's salary to Perkins directly but nothing to the match. We found similar anomalies for several other high-ranking management positions at the System.

The System could not adequately explain these variances. As a result, it appears that the amounts of salaries charged to the administrative match for some employees are inaccurate and arbitrary and do not reflect the employees' actual work on Perkins-related activities. Also, by not having adequate documentation to support all salaries charged to the non-federal match, the System cannot determine the actual resources needed to administer Perkins programs or whether the salaries used to meet federal matching requirements actually reflect time spent on Perkins. Overstating resources devoted to administering the Perkins program does not give the System an accurate picture of how it is using its resources and is not in compliance with OMB *Circular A-87* requirements.

Another requirement of the 1999 agreement is that the System make appropriate adjustments to how staff salaries were charged to the Perkins grant if the actual time spent by staff varies by 10 percent or more from the amount charged to Perkins on the basis of System budgets. The adjustments must cover salaries charged to the grant for the previous four months. OMB *Circular A-87* criteria differ slightly, requiring adjustments on a quarterly basis, or every three months, for variances greater than 10 percent. We surveyed a sample of 29 employees on how they spend their time to determine if the percentage of their salaries the System charges to Perkins was similar to the actual amount of time they reported to us spending on the grant. We found that 18 of 29 (62 percent) employees reported spending time on job duties that varied by 10 percent or more when compared with how the System charged their salaries to Perkins in Fiscal Year 2005. For example, one employee's salary was paid entirely using Perkins grant money, while the employee reported spending 84 percent of his or her time working on grant functions. We identified questioned costs of about \$200,000 for Fiscal Year 2005 in which the System appeared to charge too much of employees' salaries to Perkins or apportioned the salaries incorrectly between the Perkins administrative and leadership pools.

Without requiring time sheets, performing the appropriate verification of actual time spent on Perkins, and making necessary adjustments, the System risks charging inappropriate costs to Perkins and having to repay Perkins funds to the federal government. The approximately \$2.6 million we identified in questioned costs represents about 29 percent of all Perkins funds spent on administrative and leadership activities by the System during Fiscal Years 2001 through 2005. The System should develop policies and procedures to ensure that employees are submitting required time reports and make appropriate adjustments to salaries charged to the Perkins grant and the non-federal administrative match on a periodic

basis. Since the 1999 agreement was never fully executed (i.e., never signed by all parties), the System's policies and procedures should be designed to meet the reporting standards of OMB *Circular A-87*, which require semiannual certification forms or monthly time sheets.

Recommendation No. 8:

The Colorado Community College System should ensure salaries charged to the Perkins grant and the Perkins non-federal administrative match are accurate, properly substantiated, and reported by :

- a. Requiring that employees whose salaries are charged to cost centers associated with the Perkins grant or the Perkins non-federal administrative match submit time reports in accordance with OMB *Circular A-87*.
- b. Reviewing the time reports periodically and adjusting the amount of salaries charged to Perkins, as appropriate, in accordance with OMB *Circular A-87*.

Colorado Community College System Response:

Agree. Implementation Date: January 2006.

- a. CCCS will ensure that all employees whose salaries are charged to the Perkins grant or the Perkins match will submit time reports in accordance with OMB *Circular A-87*.
- b. CCCS will review time reports periodically and adjust the amount of salaries charged to the Perkins grant as appropriate.

Career and Technical Student Organizations

Perkins allows, but does not require, states to use basic Perkins grant funds held back for leadership activities to support career and technical student organizations (CTSOs). The purpose of CTSOs is to provide supplemental learning opportunities and leadership development for career and technical education students to bolster concepts learned in the classroom. At the time of our audit, the System used Perkins leadership funds to pay eight FTE to manage the CTSOs. Specifically, System staff are responsible for managing the activities of eight CTSOs: Colorado Technology

Student Association (COTSA); Distributive Education Clubs of America (DECA); Future Business Leaders of America (FBLA); Family, Career and Community Leaders of America (FCCLA); Future Farmers of America (FFA); Health Occupations Students of America (HOSA); Phi Beta Lambda (PBL); and SkillsUSA. Staff serve as state advisors to the CTSOs, and their primary duties include organizing statewide conferences, which provide students with a chance to compete against one another and to network with professionals in their fields; encouraging business and industry support for CTSOs; and advising student CTSO officers. Staff also assist CTSOs in attracting new members, planning and executing community service projects, and performing other functions throughout the year.

The CTSOs use a combination of student dues, conference registration fees, and federal monies from the State's Perkins leadership allocation to fund their activities. Staff also reported that CTSOs receive a significant amount of in-kind donations. The dues and registration fees for each CTSO are held in separate bank accounts outside the System, and staff indicate that they do not consider CTSO monies to be subject to State Fiscal Rules. In Fiscal Year 2005 the CTSOs received over \$147,000 in Perkins leadership funds and collected about \$1.4 million from non-Perkins sources. Students provided a majority of the CTSO non-Perkins revenue, including about \$144,000 in dues and about \$816,000 in conference registration fees. The remaining revenue comes from investments, fund-raising activities, and training seminars. The table on the next page shows all CTSO funds managed by System staff from Fiscal Years 2002 through 2005. The funds are divided between the amount allocated from the State's Perkins leadership funds and non-Perkins revenue. The chart shows that the total amount of CTSO funds has gradually increased since Fiscal Year 2002 as the number of CTSOs under System supervision has grown.

Colorado Community College System Career and Technical Student Organization (CTSO) Funds Fiscal Years 2002 Through 2005					
	Fiscal Year				Percentage Change 2002-2005
	2002	2003	2004	2005	
Allocation From Perkins Leadership Funds	\$120,323	\$96,968	\$126,256	\$147,246	22%
CTSO Revenues	\$1,084,855	\$1,266,292	\$1,287,251	\$1,376,072	27%
Total CTSO Funds Managed by System Staff	\$1,205,178	\$1,363,260	\$1,413,507	\$1,523,318	26%
Number of CTSOs Managed by System Staff	4	5	5	8	100%
Source: Office of the State Auditor's analysis of data provided by the Colorado Community College System.					

We reviewed the System's management of CTSO activities to determine if the System maintains sufficient controls over CTSO expenditures.

CTSO Expenditures

We tested the controls over the CTSO funds received and expended during Fiscal Years 2002 through 2005 and found a lack of controls. Further, there were no specific fiscal policies or procedures to govern how funds are spent. We reviewed a sample of 149 expenditures totaling about \$165,000 funded by both Perkins and non-Perkins sources to determine if the money was used appropriately. Overall, we questioned 82 (55 percent) expenditures totaling about \$49,000 because staff could not provide adequate documentation to support that the expenditures were reasonable and necessary. For example:

- **Credit card transactions.** As noted above, the CTSOs maintain bank accounts independent of the System's accounting system. Four of the CTSOs use credit cards tied to these accounts to make purchases and have their accounts set up to automatically pay the charges off each month. We reviewed 109 credit card charges and took exception with 64 transactions. For example, we questioned 31 transactions ranging from \$3 to \$743 involving food and beverages. We expected the supporting documentation

for these charges to include itemized receipts, a statement of the business purpose of these purchases (e.g., official function form), and a list of participants to ensure that the purchases were appropriate CTSO expenses. In each case, little documentation existed. For example, for the \$743 charge, the credit card receipt showed that this amount had been charged. However, the accompanying itemized receipt only contained charges, including tip, of \$673, or \$70 less than the amount on the credit card receipt. In another transaction, staff provided a credit card receipt for \$420 from a restaurant but could not produce an itemized receipt. Other questionable expenditures included a \$696 charge for a limousine and five transactions involving clothes totaling about \$1,230.

Staff responded that the meals and other purchases were for official business but generally did not provide additional documentation to verify this. The lack of readily available supporting documentation creates an opportunity for abuse and misappropriation of assets.

- **Conference expenditures.** As noted above, CTSOs hold student conferences each year. We reviewed 15 transactions from one CTSO conference held in Fiscal Year 2005 and took exception with 9 transactions. For example, we questioned 7 charges related to contracted costs, including one contract involving multimedia services that (1) required prepayments of \$16,000 (64 percent of total paid) in Fiscal Year 2005 without explaining why these advance payments were appropriate; (2) did not state the maximum amount payable under the contract; and (3) did not adequately protect the State from liability. We noted that staff do not follow the System's standard approval process for these contracts. For example, System fiscal and legal staff do not routinely review and approve the contracts. We also found that the contracts do not meet state contracting requirements.

The CTSOs and the vendors were the official parties to the contracts and no state funds were used to pay the contracts. However, the contracts were signed by a System employee, which creates potential risk for the System and the employee. For example, if the CTSO did not meet the terms of the contract, the vendor could sue both the CTSO and the System. Because the System is not a party to these contracts, the risk may be small that the System would be held liable for the contracts. The System would nonetheless incur expenses defending itself. However, it is more likely that the employee would be held liable as a signatory to the contract. The System should review its relationships with each CTSO managed by System staff, evaluate its practice of allowing System staff to sign CTSO contracts, and determine the most prudent way for the CTSOs to contract for goods and services.

We also found one example in which student registration fees were used to purchase two glasses of wine at the CTSO conference.

- **Perkins-funded CTSO expenditures.** We tested 25 CTSO expenditures paid for with Perkins leadership funds and took exception with 9 transactions. For example, we questioned 3 charges totaling about \$2,300 related to student competitions (e.g, testing materials) because, according to the System's Perkins director, Perkins funds cannot be used for student competitions.

We also reviewed the CTSOs' general ledgers and fiscal year-end bank account balances to determine if accounts had been reconciled. We found several examples in which the bank balances had not been reconciled to the general ledger, including one discrepancy of over \$100,000 from Fiscal Year 2001. We also noted that the bank account balances for two of the eight CTSOs have steadily risen since Fiscal Year 2001, suggesting that these CTSOs are collecting more fees than necessary. For example, DECA's bank balance at the end of Fiscal Year 2001 was about \$21,000 compared to about \$76,000 for Fiscal Year 2005, while FCCLA's bank balance had grown from about \$24,000 to \$70,000 over the same period. Staff indicated that the purpose of increasing the bank balances is to provide a reserve for unforeseen expenses. However, we found that most of the CTSOs have not defined what constitutes an adequate reserve. We also noted that one staff person is responsible for all bookkeeping duties related to the CTSOs, including accounts payable, accounts receivable, depositing funds, and writing checks. Although other System staff must approve expenditures, having one person responsible for all these duties does not adequately segregate duties. Finally, we found that state advisors have authority to approve any expenses of \$5,000 or less from their respective CTSOs; however, the advisors in some cases both incur and approve the same expense.

Overall, we found the controls over CTSO funds are severely lacking. The CTSOs are individual chapters of their respective national organizations, which leaves the oversight of state student dues and conference registration fees to the governing body of the state CTSO. In the case of Colorado, the governing bodies are the System and the CTSO Advisory Council(s). The advisory councils assist the System staff responsible for managing the CTSO and include teachers and business representatives from across the State. Although CTSO staff reported being accountable to the advisory councils, we did not find evidence that any advisory councils reviewed transactions for appropriateness. Therefore, System staff are principally responsible for ensuring the funds are spent appropriately and benefit the students involved.

The System does not have any fiscal guidelines in place to help the staff managing the CTSOs decide if expenses are reasonable and appropriate, particularly for the student dues and registration monies. Further, System fiscal and management staff were not aware of their staff's management of the CTSOs' activities and, consequently, were not overseeing or reviewing the expenditures for appropriateness. About two-thirds (\$960,000) of the money used to fund CTSOs comes from student dues and fees. Although these are not state funds, the System may be at risk if staff do not properly safeguard them. The System should improve its oversight over CTSO expenditures in several ways. First, since State Fiscal Rules apply to all state employees, the System should require CTSO staff to use these rules for documenting the reasonableness and necessity of all CTSO expenditures. Second, the System's fiscal staff should regularly review these expenditures to ensure that they comply with State Fiscal Rules. As part of this review, the System should include the CTSO funds on its financial statements. Finally, the System should reassign staff duties to provide adequate segregation of duties. Taking these steps will ensure that the System maintains adequate controls to protect student and state funds controlled by the CTSOs.

Use of Perkins Leadership Funds

As noted previously, states can withhold up to 10 percent of the Title I grant for leadership activities. The Perkins Act includes eight required uses for leadership funds, such as integrating academics with career and technical education programs and providing preparation for nontraditional training and employment (e.g., females in auto mechanics). For Fiscal Year 2005 the System spent about \$1.5 million in leadership funds. We found that the System used about \$560,000 of these dollars (37 percent) for the 8 FTE, or about one-quarter of all career and technical education staff, who manage the state CTSO chapters. This included about \$410,000 in salary and benefit costs and about \$150,000 in direct operational expenses; it does not include overhead costs for these staff, such as leased space. We also found that less than 30 percent (about 22,000 in Fiscal Year 2005) of all career and technical education students are members of CTSOs. In general, we would expect the System to use leadership dollars for activities that benefit the most students possible. As a result, we question the appropriateness of devoting such a large portion of leadership dollars to activities that may only directly benefit a minority of students. In addition, spending Perkins leadership monies on CTSOs could be viewed as spending money directly on students, which is not the purpose of the program.

The System does use Perkins leadership money for required uses. For example, System staff have developed a tool to help secondary agriculture career and technical education teachers ensure that their curricula meet relevant state academic standards. This is an appropriate use of leadership funds because it benefits all career and technical education students in these programs. Federal staff we contacted said that

the USDOE would like states to use leadership dollars for funding career and technical education research, dissemination of best practices, and other activities that directly improve program performance.

The System should reevaluate its use of leadership funds and determine the amounts spent on all leadership activities and the number of students who benefit from those activities. The System should then prioritize those activities based on the number of career and technical education students who will benefit and fund those that help most, if not all, students. The System should also prioritize activities that fulfill required uses of Perkins funds, such as supporting nontraditional employment. Finally, the System should conduct a workload analysis to determine if current CTSO staffing levels at the System office are necessary to adequately support the CTSOs. Any cost savings resulting from this analysis should be distributed to subrecipients as part of the regular grant process.

Recommendation No. 9:

The Colorado Community College System should establish oversight over career and technical student organization (CTSO) expenditures by:

- a. Requiring that all CTSO expenditures overseen by System staff comply with State Fiscal Rules.
- b. Evaluating and implementing the most prudent method for the CTSOs to contract for goods and services.
- c. Annually reviewing all CTSO financial records for compliance with State Fiscal Rules.
- d. Recording the receipt and disbursement of CTSO funds on the System's financial system.
- e. Reassigning staff duties to ensure an adequate segregation of duties.

Colorado Community College System Response:

Agree. Implementation Date: July 2006.

- a. CCCS will require that all CTSO expenditures overseen by System staff comply with State Fiscal Rules.

- b. CCCS will evaluate and implement the most prudent method for the CTSOs to contract for goods and services.
- c. CCCS will annually review all CTSO financial records for compliance with State Fiscal Rules.
- d. CCCS will record the receipt and disbursement of CTSO funds on the System's financial system as long as CCCS staff are involved in the fiscal management of the program.
- e. CCCS will reassign staff duties to ensure an adequate segregation of duties.

Recommendation No. 10:

The Colorado Community College System should reevaluate its use of Perkins leadership funds to maximize their effectiveness. The reevaluation should ensure that the System uses leadership funds on activities that benefit the majority of career and technical education students or fulfill required uses of Perkins funds. The reevaluation should include a workload analysis to determine if current CTSO staffing levels at the System office are necessary to adequately support the CTSOs.

Colorado Community College System Response:

Agree. Implementation Date: July 2007, due to the need to work with many constituencies statewide.

CCCS will work with career and technical education constituencies statewide to reevaluate the use of Perkins leadership funds.

Instructor Credentialing

Chapter 3

Introduction

All instructors teaching approved career and technical education programs must possess a valid Colorado Vocational Credential issued by the Colorado Community College System's (System) Credentialing Office. The purpose of vocational credentials is to ensure that instructional staff teaching programs funded by the Colorado Vocational Act (CVA) and the Carl D. Perkins Vocational and Applied Technology Education Act (Perkins) have the appropriate educational and experiential qualifications to provide proper instruction to students in career and technical education courses. The System's Credentialing Office issues credentials separately from the program approval process. The Credentialing Office also issues occupational credentials to instructors in private occupational schools as part of an agreement with the Private Occupational Schools Board (DPOS Board) within the Department of Higher Education. The DPOS Board sets the credentialing requirements and fees for private occupational instructors. The System Board sets vocational credentialing requirements and fees for public career and technical education instructors.

The Credentialing Office issues four different types of credentials: secondary, full-time post-secondary, part-time post-secondary, and private. Public credentials may be standard or provisional; in the latter case applicants must meet additional requirements before the credential can be converted to a standard credential. Standard and provisional credentials are issued for specific program areas in which the applicant will be teaching, such as Family and Consumer Sciences, Agriculture Education, and Auto Body Repair. Credentials are valid for three years (initial/provisional) or five years (standard and initial part-time post-secondary). The Credentialing Office does not have any responsibility for certifying the qualifications for instructors teaching in four-year baccalaureate programs at post-secondary institutions.

The table on the next page shows the number of public and private credentials that the Credentialing Office issued during Fiscal Years 2001 through 2005. Over the period, the volume of public credentials issued has increased by 11 percent while the volume of private credentials has increased by 32 percent. System staff indicate that they rarely deny credentialing applications; they hold incomplete or insufficient

applications until applicants provide the additional documentation needed. The System does not track the number of denied applications.

Colorado Community College System Vocational Credentials Issued Fiscal Years 2001 Through 2005						
Credential Type	Fiscal Year					Percentage Change 2001-2005
	2001	2002	2003	2004	2005	
Public	1,404	1,675	1,791	1,687	1,561	11%
Private	755	731	815	1,036	993	32%
Total	2,159	2,406	2,606	2,723	2,554	18%
Source: Office of the State Auditor's analysis of data provided by the Colorado Community College System.						

We reviewed whether System staff ensure that all credentialing applicants meet minimum standards before staff issue credentials to teachers. Overall, we identified weaknesses in the System's credentialing activities that raise concerns whether standards are met. We also discovered weaknesses with the administration of the Credentialing Office. This chapter discusses ways in which the System can improve the effectiveness of its credentialing processes to ensure that career and technical education instructors meet minimum quality standards.

Credentialing Applications Review

The Credentialing Office receives applications for public and private career and technical education teachers with documentation of relevant education, occupational experience, and applicable licenses and certifications. Generally, both public and private applicants must have about two years (4,000 hours) of relevant occupational experience and either a four-year degree or specialized training. More specific requirements may also exist depending upon which subject area the applicant will teach. Staff are responsible for reviewing the application to ensure applicants have met all requirements prior to issuing a credential.

We selected a sample of 25 applications to determine if the Credentialing Office ensures that all career and technical education instructors meet minimum standards before issuing them credentials. Our sample included 15 public and 10 private school credentials and was divided into applications for 17 new credentials, 6 renewals, and 2 that are unknown because staff could not locate the files. In most

of the files in our sample, (19 of 25, or 76 percent), we found a lack of evidence that applicants met all statutory and regulatory requirements before receiving a credential. In general, we found more problems with the 17 applications for new credentials. For example:

- **Eight of seventeen applicants receiving a new credential provided either too little verified occupational experience or the experience they documented was not relevant to the courses they intended to teach.** Regulations for both public and private credentials require that first-time applicants provide documentation of occupational experience relevant to the area in which they will teach. Eight applicants who were issued new credentials provided either too little or irrelevant occupational experience. For example, one applicant who received a welding credential was required to have 10,000 hours of occupational experience directly related to welding. However, the applicant only provided documentation for 5,000 hours of occupational experience, or half the required hours, in a non-related field (technical theater director).
- **Seven of seventeen applicants receiving a new credential did not provide verification of their occupational experience from an employer but instead provided a notarized summary of their experience.** According to DPOS and System Board rules, applicants must have verified occupational experience to receive a credential. However, seven individuals receiving new credentials did not have this verification. Instead, they provided notarized documents listing their occupational experience. Notarization only serves as a confirmation of the identity of the person signing the document and does not address the individual's experience in a given area.
- **Four of seventeen new credential applicants' education was either inadequate or not properly documented.** Both public and private credentialing standards have an educational requirement, such as a four-year degree, specialized training, and/or specific career and technical education teacher preparation courses. Four of the applicants who were issued new credentials did not meet all educational requirements or did not provide sufficient documentation to demonstrate they met the requirements. For example, the educational requirements to receive a public credential in accounting are a bachelor's degree in business (or equivalent) and 30 semester hours in business with a concentration in one area. One individual in our sample who was issued an accounting credential had a degree in mechanical engineering and only 6 semester hours in accounting.

During our file review, we also found that two public secondary school applicants did not provide copies of their Colorado Department of Education (Department)

licenses, as required. We contacted the Department and found that one of the applicants, who received both secondary and post-secondary credentials, has not had an active license since 1993. Finally, as noted above, the Credentialing Office could not locate 2 of the 25 files in our sample. Therefore, we could not confirm that those applicants met all standards before receiving a credential.

There appear to be two main reasons for these problems. First, staff are not applying credentialing standards consistently. Staff argue that they need to have flexibility when issuing credentials due to the outdated nature of many of the standards and the frequency of unique circumstances. However, the public and private credentialing standards do not appear to be vague in their requirements, nor do they allow for flexibility or discretion. For example, public and private credentials both require specific numbers of occupational experience hours for new applicants. If the current standards are not appropriate, then the System should consider revising them. Second, only one staff person is responsible for reviewing credentialing applications and deciding who qualifies for a credential. The System does not have a supervisory review process in place to ensure that credentialing standards are applied consistently and appropriately. This increases the risk of error and irregularities.

Apart from our file review, we also found that staff will sometimes backdate credentials once they are approved. Staff reported that the purpose of backdating is to allow approved programs to receive Colorado Vocational Act and Perkins funding for the entire fiscal year, since one of the requirements for approved programs is that they be taught by credentialed instructors. The Board's credentialing standards do allow staff to backdate provisional (but not standard) credentials issued by October 31 to July 1 of that year, or by four months. However, we analyzed the dates of credentials issued in Fiscal Year 2005 and found that about 15 percent (238 of 1,600) were backdated outside of the four-month allowance established in the Board's standards. Of these, 20 were backdated by six months or more, including two that were backdated by more than a year. Consequently, it appears staff have helped schools circumvent the requirement that all approved programs be taught by credentialed staff.

Competent teachers are an important factor in providing quality career and technical education programs. Unqualified instructors may not be able to teach students the entry-level skills needed to obtain work in today's job market, either because they lack the necessary educational background to be an effective teacher or because they do not have enough occupational experience to know which job skills are in demand. The System should ensure that instructors meet all minimum standards before issuing a credential. The System should also eliminate the practice of allowing staff to backdate credentials issued beyond the time frame established by the Board.

Recommendation No. 11:

The Colorado Community College System should ensure instructor credentialing standards are met by:

- a. Considering revising the standards to ensure they meet current needs for competent career and technical education instructors.
- b. Adhering to all established standards when evaluating credentialing applications, issuing credentials, and recording credential issue dates.
- c. Instituting a formal supervisory review to ensure that all required information for credential applications has been collected, documented, and analyzed.

Colorado Community College System Response:

Agree. Implementation Date: December 2006.

- a. CCCS will review and consider revising the credentialing standards.
- b. CCCS will adhere to all established standards when evaluating credentialing applications, issuing credentials, and recording credentialing issue dates.
- c. CCCS will institute a formal supervisory review to ensure that all required information for credential applications has been collected, documented, and analyzed.

Credentialing Standards

We also reviewed the public credential standards to determine if they are adequate to ensure that only qualified instructors receive credentials. (We did not review the private standards set by the DPOS Board.) Overall, we found that the public credentialing standards are inconsistent and unclear. For example:

Career and technical education teacher preparation course work requirements appear inequitable. One requirement for receiving a full-time vocational credential is the completion of certain college-level career and technical education teacher preparation courses. We found that the number of teacher preparation courses

required varies among credentialing areas without apparent reason. For example, a full-time post-secondary agriculture credential requires two courses versus three for a full-time post-secondary business credential. Also, part-time post-secondary instructors do not have to take any career and technical education teacher preparation courses; the lack of these course requirements is the main distinction between the part-time and the full-time credential. Nearly 80 percent of all post-secondary credentials issued during Fiscal Years 2001 through 2005 were part-time. However, staff report that the underlying purpose of the career and technical education course work is to prepare instructors for the unique challenges of teaching career and technical education classes. Therefore, it would appear reasonable that all credentialed teachers should complete this requirement. The System should develop and implement a transition plan for eliminating the part-time credential to ensure that all post-secondary career and technical education instructors have received college-level training on career and technical education teaching methods if these courses are necessary. If the System determines the courses are not necessary, it should still eliminate the part-time credential and also remove this requirement for full-time post-secondary credentials.

Endorsement requirements allow for less-qualified instructors. An instructor who obtains a credential may wish to add endorsements to that credential to teach in another subject area. Currently instructors already holding a credential must only meet 50 percent of the occupational experience requirements in another area to qualify for an endorsement in that area. For instance, an instructor with a credential in agriculture who wishes to get an endorsement in automotive repair only needs to meet 50 percent of the occupational experience requirement for an endorsement in automotive repair. We question whether these requirements should be lowered for additional credentials, particularly if the new endorsement is unrelated to the original credential.

Occupational experience verification is inadequate. Public and private credentialing requirements state that all occupational experience must be verified by an employer. In the previous section, we noted problems with staff's applying these criteria. We also noted problems with the criteria themselves. For example, to accommodate those who have been self-employed, the Credentialing Office allows applicants to provide notarized summaries of their employment in lieu of employer verifications. We have two concerns with this practice. First, for self-employed applicants, notarization does not guarantee that the information contained in the summary is accurate or truthful. The Credentialing Office could verify self-employment with information from other sources, such as tax returns or customer references. Second, the Credentialing Office has extended this practice to non-self-employed applicants, which does not meet the regulatory requirement of employer-verified occupational experience.

Credentials are issued by colleges. Four post-secondary institutions issue their own credentials. Staff reported that the Board allows schools to petition for the right to issue their own credentials in place of the Board's. We have three concerns about this practice. First, the System could not provide adequate documentation to show that the Board authorized three of the four colleges to issue their own credentials. Moreover, staff could not show that the Board actually voted to implement the petition process. Second, the credentialing policies of these four institutions differ significantly from the System's credentialing standards. For instance, one school has no occupational experience requirement. Additionally, none of these four institutions require that their faculty take the career and technical education teacher preparation course work required by the state credentialing standards, and only one specifies any educational requirements. Third, we found a fifth post-secondary institution that has credentialed its instructors without the System's knowledge, further suggesting that the System does not maintain sufficient controls over this process.

The Board has not officially revised credentialing standards since 1992. Since that time, reforms in career and technical education have broadened its focus to place greater emphasis on academic preparation and to provide a wider range of career choices. This new focus suggests that the credentialing standards should be updated. In addition, within the System itself, there appear to be multiple standards. System staff provided various paper and online versions of the standards and report consulting multiple versions when making credentialing decisions. Although we found only minor differences between these versions, it is important that the System use a uniform set of standards to make credentialing decisions.

Recommendation No. 12:

The Colorado Community College System should strengthen credentialing standards for public career and technical education teachers by developing and publishing a single set of standards for all public credentials as discussed in Recommendation No. 11. The standards should ensure that all applicants meet the same standards regarding verified occupational experience, educational qualifications, and career and technical education course work prior to being issued a credential. As part of this effort, the System should develop and implement a transition plan for moving all credentialing activities for public instructors to the State Board for Community Colleges and Occupational Education. Approval of the Board should be sought as appropriate.

Colorado Community College System Response:

Partially agree. Implementation Date: December 2007, for review and revision of credentialing standards.

CCCS will review and consider revising the credentialing standards. CCCS will review and work with the State Board to determine whether all post-secondary credentialing activities should be moved to the State Board or should be delegated to the colleges. In considering whether post-secondary credentialing should be moved to the colleges, CCCS will review whether credentialing standards should be set centrally or delegated to the colleges.

Evaluations

Under the Board's credentialing standards, individuals not meeting all the requirements for a standard credential may receive a provisional one. Typically, these individuals are missing the career and technical education teacher preparation course work. Staff report that provisional credentials are only issued to individuals who possess a teaching contract from a school district. To aid applicants without a teaching contract, the Credentialing Office conducts "evaluations." For an evaluation, staff review the qualifications of an instructor to determine if he or she would qualify for a provisional credential if he or she had a teaching contract. An evaluation is usually requested by individuals who are looking for teaching positions and would like to certify to the hiring agent that they qualify for a credential. The Credentialing Office charges \$100 for an evaluation, which is nonrefundable whether or not the individual subsequently obtains a teaching position. The Credentialing Office reports performing approximately 10 evaluations per year.

We have several concerns with the evaluation process. First, we did not find regulatory or statutory authority allowing the Credentialing Office to perform evaluations or charge a fee for this service. Second, staff do not offer the evaluation service consistently. For example, if multiple individuals are in competition for the same position, staff will not perform an evaluation for any of them. Third, the \$100 evaluation fee penalizes those who do not obtain teaching positions, because they do not receive a refund for the fee.

Staff indicated that the credentialing criteria are available online and that a credential self-assessment tool is planned on its Web site for potential applicants. Staff should discontinue providing evaluations and, instead, direct applicants to these methods for self-evaluation.

Recommendation No. 13:

The Colorado Community College System should immediately discontinue the practice of performing evaluations for career and technical education applicants. Staff should direct potential applicants to all available tools for self-evaluating their qualifications for an occupational credential.

Colorado Community College System Response:

Agree. Implementation Date: January 2006.

CCCS will not conduct evaluations for career and technical education applicants. Self-evaluation for applicants will be available through an online system.

Credentialing Administration

In addition to the application review and standards issues we highlighted in the previous sections, our audit found that the System could improve the administration of the Credentialing Office. Specifically, we identified concerns with the Credentialing Office's cash controls, the credentialing fee schedule, and the System's statutory authority for credentialing.

Controls Over Cash

The Credentialing Office receives about \$140,000 per year in credentialing fees. During a review of the Credentialing Office's cash handling policies and procedures, we identified two problems:

Lack of reconciliations. Credentialing Office staff receive and record all public credentialing fees, and the System's fiscal staff deposit them. (Private credentialing fees are deposited by the Division of Private Occupational Schools within the Department of Higher Education.) Credentialing Office staff report that they do not perform periodic reconciliations to verify that the deposited amounts equal the amount of the checks the office has received and the number of credentials issued. The Credentialing Office's current method for recording payments in its database makes these reconciliations impossible for several reasons. First, staff do not record the receipt dates or payment amounts consistently. Second, staff do not code payments for each type of fee received (e.g., full-time credential, part-time

credential, or endorsement). Finally, as noted in a previous section, staff sometimes backdate the credentials. The Credentialing Office should establish procedures which ensure that staff record check receipt dates, payment amounts, and credential issue dates, as necessary, to ensure that the office can perform periodic reconciliations of these figures. It should also work with System fiscal staff to set up unique payment codes for each type of fee it receives and develop and implement a reconciliation process to ensure all fees collected are deposited.

Inadequate segregation of duties related to cash. At the time of our audit, the same staff person processed the checks received and recorded the payments in the System's credentialing database. Having the same person perform both functions weakens internal controls over cash because it provides an opportunity for errors and irregularities to go undetected.

Reconciliations and segregation of duties are important controls for preventing loss of cash, misclassification of fee revenue, and inaccurate calculations. The System should periodically ensure that the cash receipts for the credentialing fees it receives reconcile to the amounts deposited and to the number of credentials and endorsements issued.

Recommendation No. 14:

The Colorado Community College System should improve the Credentialing Office's cash controls by:

- a. Performing a periodic reconciliation of its cash receipts by comparing cash received with amounts deposited as reported by the System Accounting Office. The System should also periodically reconcile cash receipts for credentialing fees to the number of credentials issued and follow up on any discrepancies. It should ensure that the person performing the reconciliation is not otherwise responsible for handling cash.
- b. Ensuring that adequate segregation of duties exists within its cash handling processes by separating cash receipt and recording functions.

Colorado Community College System Response:

Agree. Implementation Date: January 2006.

- a. CCCS will perform a periodic reconciliation of Credentialing Office cash receipts and will ensure that the person performing the reconciliation is not otherwise responsible for handling cash.

- b. CCCS will ensure that adequate segregation of duties exists within the Credentialing Office cash handling processes.

Fees

The Credentialing Office supports its operations through application fees. We reviewed the existing fee schedule contained in the Board's credentialing standards as well as the Credentialing Office's expenditures to determine if the fees are reasonable and appropriate. We identified two concerns. First, the fees do not appear directly related to the costs of providing credentialing services. Currently full-time public credentials and all private credentials cost \$100, while part-time public credentials cost \$50. Our analysis found that the fees should be closer to \$60 for full-time credentials and \$30 for part-time credentials. We calculated these amounts by dividing the Credentialing Office's expenditures by the number of credentials issued during Fiscal Years 2001 through 2005.

These numbers assume that the Credentialing Office receives 100 percent of the fee revenues from the credentials it issues, including those private credentials issued on behalf of the Private Occupational Schools Board. However, the Credentialing Office has historically received only \$15,000 annually from the Division of Private Occupational Schools (Division) to process private credentialing applications. This payment, which represents a fraction of the credentialing fees received by the Division, has resulted in the public fees' subsidizing some of the costs for issuing private credentials. A new memorandum of understanding (MOU) between the System and the Division grants 80 percent of private credentialing fees to the Credentialing Office. However, the MOU had not been fully executed at the time of our audit. System staff should work with the Division to ensure that the System recovers the full cost of processing private credentials. Once it is recovering all of these costs from the Division, the System should reevaluate its fee schedule and ensure that fee amounts do not exceed the cost of providing credentialing services. This reevaluation should also take into consideration the elimination of the part-time post-secondary credential recommended in a previous section.

Second, we found staff charged fees not authorized in the Board's standards. For example, the standards do not provide for evaluation fees discussed in a previous section. We also found that staff allow instructors to convert part-time credentials to full-time credentials for a fee of \$50; however, the standards do not list this fee. Finally, staff told us that they charged one instructor \$20 to align the expiration date of the instructor's credential to that of the instructor's teaching license. Again, we could not find this fee in the credentialing standards. The System should prohibit the charging of any fee not specifically allowed under the Board's credentialing

standards. The charging of unauthorized fees creates a perception of arbitrariness and lack of equitable treatment and can increase the risk of errors and irregularities.

Recommendation No. 15:

The Colorado Community College System should ensure that its credentialing fees are reasonable and appropriate by:

- a. Working with the Division of Private Occupational Schools to ensure that the System recovers the full cost of processing credential applications for instructors at private occupational schools.
- b. Reevaluating its fee schedule periodically to determine if current fees reflect the actual cost of providing credentialing services. Based upon this evaluation, the System should readjust fees accordingly.
- c. Prohibiting staff from charging fees not specifically authorized in the State Board for Community Colleges and Occupational Education's Colorado Vocational Education Credentialing Standards.

Colorado Community College System Response:

Agree. Implementation Date: July 2006.

- a. CCCS will work with the Division of Private Occupational Schools to ensure that the System recovers the full cost of processing credential applications for instructors at private occupational schools.
 - b. CCCS will reevaluate its fee schedule periodically to determine if current fees reflect the actual cost of providing credentialing services.
 - c. CCCS will prohibit Credentialing Office staff from charging fees not specifically authorized in the State Board's credentialing standards.
-

Statutory Authority

As noted in previous sections, the System evaluates and approves all applications for vocational teacher credentials in the State, with the exception of a few colleges. As part of our evaluation of the credentialing process, we reviewed the System's statutory authority to issue these credentials and identified two concerns. First, we found that statute provides a role in the credentialing process to the Colorado Department of Education (Department). Specifically, Section 23-60-304(3), C.R.S., says:

The (Community College) board shall . . . establish minimum qualifications necessary for teachers of occupational subjects . . . and others having responsibilities in connection with occupational education and shall certify the same to the department of education. The department of education shall provide for the issuance of certificates or other types of authorizations to the persons . . . who meet those minimum qualifications.

The Department does not currently have a role in the credentialing process. In fact, System staff could not recall when the System did not perform all credentialing functions. Staff indicated that the System and the Department may have signed a memorandum of understanding (MOU) in the past that created the current credentialing system. However, neither the System nor the Department could provide the MOU.

We are concerned that the current credentialing system may not meet legislative intent, because the law contemplates a role for the Department. When we spoke to the Department, staff showed an interest in assuming credentialing functions for secondary school teachers. If this change occurred, it could streamline the process secondary career and technical education teachers must follow to be certified to teach approved programs (about 2,700 individuals currently hold secondary credentials). Currently teachers must obtain a license from the Department and a credential from the System. If the Department were in charge of secondary credentialing, then it could incorporate this function into its licensing activities, and teachers would only have to file one application, instead of the current two. Also, Department staff suggested they could lower secondary credentialing fees because its licensing process already includes some of the documentation reviews (e.g., the applicant's college transcripts) that the System performs when evaluating credentialing applications. The System and the Department should work together to determine the most cost-effective method for credentialing career and technical education teachers and then seek statutory change, as appropriate.

Our second concern is that statute does not appear to give the System or the Board specific authority either to set or to collect credentialing fees. Instead, as noted above, statute directs the Board to set credentialing standards. Gaining this specific authority and establishing a specific cash fund for the deposit of these fees would have two benefits. First, it would stipulate the fees that the System is authorized to collect, which would help prevent staff from charging unauthorized fees, such as the evaluation fee discussed in a previous section. Second, the new statutory cash fund would be subject to reserve limits under Section 24-75-402, C.R.S., which help ensure that fees cover only the costs of providing the service supported by the fee.

Recommendation No. 16:

The Colorado Community College System and the Department of Education should work together to determine the most cost-effective method for credentialing career and technical education teachers and seek statutory change, as appropriate. As part of this effort, the System and the Department should consider proposing statutory change to give the System and/or the Department authority as necessary to set, impose, and collect credentialing fees, and to establish a cash fund for the deposit of the fees.

Colorado Community College System Response:

Agree. Implementation Date: December 2006.

CCCS will work with the Colorado Department of Education to determine the most cost-effective method for credentialing secondary career and technical education teachers and will seek statutory change as appropriate.

Department of Education Response:

Agree. Implementation Date: December 2006.

CDE has contacted CCCS regarding this matter, and a meeting will be scheduled at the beginning of 2006. If the CDE Educator Licensing Unit had one or more FTE provided to it for the purpose of covering the move of the credentialing process to CDE, duplication of some of the evaluation functions for candidates could be eliminated, and thus, the total fees for those seeking a career and technical education credential, in addition to a license/endorsement, could be less than they are currently. In addition, school districts would be able to have more flexibility in career and technical education offerings, since CDE works directly with K-12. If CCCS

agrees to this move, a bill would be needed to establish a line item for CTE revenues acquired due to the licensing and authorization process within the Teacher Licensing Cash Fund.

Monitoring

Chapter 4

Introduction

In addition to the program approval process discussed in the previous chapter, the Colorado Community College System (System) monitors and audits subrecipients receiving Colorado Vocational Act (CVA) and federal Carl D. Perkins Vocational and Applied Technology Education Act (Perkins) funds to ensure that they comply with state and federal requirements. In Fiscal Year 2005 the System distributed about \$20 million in CVA funds to 151 school districts and about \$13.7 million in Perkins funds to 160 school districts, 13 community colleges, 4 area vocational schools, 2 local district colleges, and one 4-year college that offers vocational programs.

For CVA, the System's audits consist of on-site reviews of financial information that supports school districts' claims for reimbursement of CVA-eligible expenses. For Perkins, the System's monitoring includes on-site reviews of subrecipients receiving federal Perkins dollars. We evaluated the effectiveness of the System's monitoring and auditing practices in ensuring that subrecipients administer their career and technical education programs appropriately. Overall, we identified weaknesses that compromise the System's ability to detect and prevent noncompliant activities by CVA and Perkins subrecipients. This chapter discusses ways the System can increase the effectiveness of its oversight.

Perkins On-Site Monitoring

Federal Office of Management and Budget (OMB) *Circulars A-87: Cost Principles for State, Local, and Indian Tribal Governments* and *A-133: Audits of States, Local Governments, and Non-Profit Organizations* require states to monitor Perkins grant subrecipients to ensure compliance with federal laws and regulations. The System conducts three types of on-site Perkins monitoring: administrative, program, and civil rights. For administrative monitoring, staff review subrecipients' fiscal records and test data reliability. During program monitoring, staff review the documentation supporting the assurances made by the subrecipient during the program approval process. These assurances include having credentialed instructors for career and technical education courses and providing safe classrooms. Civil rights monitoring determines whether the subrecipient complies with federal civil rights laws, such as

offering career and technical education courses without regard to race, color, national origin, sex, or handicap. Subrecipients may receive one, two, or all three types of monitoring during an on-site visit.

Staff use a standardized checklist to conduct monitoring visits. The checklist outlines the required monitoring procedures for each type of visit. It also requires staff to answer questions about subrecipients' compliance with applicable requirements, document findings about their compliance, and make recommendations for corrective action. Finally, the checklist states the type of evidence (e.g., financial records, contracts, and student transcripts) staff should review to determine subrecipient compliance. Staff then use the checklist to prepare a formal letter of findings and recommendations, which is sent to the subrecipient.

We reviewed the System's current Perkins on-site monitoring processes and documentation from a sample of 10 Perkins monitoring visits conducted by the System during Fiscal Years 2003 and 2004. We identified weaknesses in the System's administrative and program monitoring, which we discuss in the next four sections of this chapter. We did not identify any findings related to civil rights monitoring.

Subrecipient Expenditures

OMB *Circular A-87* provides guidance to federal grant recipients for spending federal grant dollars appropriately, such as the allowability of charging costs to federal grants. For costs to be allowable, OMB *Circular A-87* states that costs must be necessary and reasonable for the proper and efficient performance and administration of the grant and must be adequately documented. In addition, OMB *Circular A-87* discusses the allowability of selected types of expenditures. For example, it expressly prohibits grantees from charging expenses related to alcohol or entertainment to federal grants.

We reviewed the System's current administrative monitoring process and found it lacks steps to adequately review financial information and ensure that all subrecipient expenditures funded through Perkins are appropriate. This is a concern because our own review of Perkins expenditures found significant problems. We visited eight Perkins subrecipients (six school districts and two consortia) and reviewed about 540 Perkins transactions from Fiscal Year 2004. We found exceptions with about 21 percent of the transactions, including problems with insufficient supporting documentation, lack of proper approvals, and questioned costs. Some transactions exhibited more than one of these problems, which we describe below.

- **Insufficient supporting documentation.** Adequate supporting documentation includes an invoice or contract specifying the amount of the transaction, verification (e.g., cancelled check) that the subrecipient paid for the transaction before seeking reimbursement, and evidence that the expense was related to an approved career and technical education program. We found 65 (12 percent) transactions in which subrecipients could not provide sufficient documentation at the time of the audit. For example, one school district spent \$1,700 of Perkins funds on three gift certificates from national discount retailers. The district reported that it purchased the gift certificates for staff to use for buying career and technical education supplies because the retailers would not accept its purchase order. Although the district's documentation indicated which career and technical education instructor bought the certificates, the district could not provide receipts showing the items actually purchased with the gift cards. Therefore, we could not conclude if the gift certificates were an allowable expense. In another example, a different school district charged \$1,300 in printing costs to the Perkins grant but could not provide documentation verifying that it incurred this cost. We found examples of insufficient documentation at seven of the eight sub-recipients visited.
- **Questioned costs.** OMB *Circular A-133* defines questioned costs as those that (1) are unallowable under statutory, regulatory, contractual, or grant requirements; (2) are not supported by adequate documentation at the time of audit; and (3) appear unreasonable and do not reflect the actions a prudent person would take in the circumstances. We identified 81 (15 percent) transactions, including the 65 mentioned above with insufficient documentation, with questioned costs. The identified questioned costs totaled about \$58,000 (20 percent) out of the approximately \$286,000 in our sample.

For example, one school district spent about \$1,700 of Perkins funds to purchase 21 framed motivational posters. District staff reported that the purpose of the posters was to improve its career and technical education programs by providing daily reminders of various leadership topics. We question the reasonableness of spending more than \$80 for each of these posters. We also found one school district received reimbursements totaling about \$3,900 for items that it had not yet paid for. Subrecipients cannot be reimbursed until they have actually paid for the goods and services.

- **Lack of proper approvals.** We interviewed subrecipient staff to determine their internal controls (e.g., purchase orders and supervisor sign-offs) for ensuring that all purchases, including those funded with Perkins, are approved before being made. We then reviewed the subrecipients'

expenditures to determine if their staff obtained the proper approvals before making expenditures funded by Perkins. We also reviewed the expenditures to determine if subrecipients complied with the System's requirement for prior approval from System staff for out-of-state travel.

We found 54 transactions (10 percent) in which there was a lack of evidence that subrecipients followed their own procedures for approving Perkins-funded expenditures or that subrecipients received System approval for out-of-state travel. For example, we found several examples in which subrecipients approved their own expenditures.

System staff reported finding only three questionable purchases with Perkins dollars during 34 administrative monitoring visits conducted in the past four fiscal years. On the basis of our finding, this suggests that the System's review is not adequate to ensure that subrecipients are spending Perkins funds appropriately.

We identified several reasons why the System's on-site administrative monitoring process does not provide a sufficient fiscal review. First, the System's on-site monitoring checklist does not require staff to verify that subrecipients have spent Perkins funds in compliance with applicable requirements. Second, the System has not defined what constitutes adequate supporting documentation for Perkins expenditures. Staff conducting Perkins monitoring reported that any source documentation that looks "official," such as purchase orders or invoices, is acceptable as support for expenditures. Further, the System's grant agreement with Perkins subrecipients does not have any requirements about sufficient documentation for expenditures. Third, staff conducting the monitoring visits reported that they lack expertise and time to adequately review fiscal information. Staff conducting CVA audits also perform limited testing of Perkins transactions, which Perkins staff reported relying on for additional monitoring coverage. However, the CVA testing appears to focus on whether the expenditures are consistent with the subrecipient's Perkins plan rather than on the adequacy of supporting documentation and justification for expenditures. At a minimum, we would expect System staff to review documentation necessary to ensure that subrecipients actually incurred the cost before being reimbursed through Perkins, the reimbursed cost equals the amount billed, and the expenditure is allowable under Perkins.

The error rate identified during our testing indicates that the System needs to improve its oversight of subrecipient Perkins spending to ensure compliance with applicable requirements. The System should ensure that the staff conducting on-site monitoring visits have sufficient expertise. One option that the System should explore is having its internal auditors perform Perkins fiscal monitoring procedures. Another option would be to provide training on performing adequate fiscal reviews to current Perkins monitoring staff. Also, the System should define what

documentation subrecipients must keep to show that a Perkins expenditure is appropriate. Once these criteria are defined, they should be included in the System's grant agreement as an assurance made by the subrecipient. The System's CVA monitoring processes are conducted by an internal auditor and include procedures necessary for determining if CVA expenditures are allowable and appropriate. Without similar procedures for determining the appropriateness of Perkins expenditures, the System cannot ensure that Perkins funds are being spent properly.

Recommendation No. 17:

The Colorado Community College System should improve its on-site subrecipient monitoring of Perkins grant expenditures by:

- a. Including specific steps in its monitoring process to test the allowability and appropriateness of Perkins grant expenditures made by subrecipients.
- b. Improving the technical skills of on-site reviewers through additional training and considering using the System's internal audit staff to supplement the monitoring review teams.
- c. Defining documentation requirements for subrecipients to support the allowability and appropriateness of Perkins grant expenditures. These criteria should then be included in the System's grant agreement with the subrecipients as an assurance.

Colorado Community College System Response:

Agree. Implementation Date: December 2006.

- a. CCCS will review its monitoring process, will develop or improve checklists for monitors, and will review whether additional procedures should be included in the monitoring process.
 - b. CCCS will provide training to improve the skills of on-site reviewers within available resources.
 - c. CCCS will review documentation requirements for subrecipients and develop a source document checklist for the use of school districts and for on-site monitoring.
-

Monitoring Procedures

As noted previously, the System has developed procedures for conducting its on-site administrative and program monitoring visits. We examined the administrative and program monitoring files for 10 Perkins subrecipients from Fiscal Years 2003 and 2004 to determine if staff adhered to the System's established monitoring procedures, as outlined in its monitoring checklist. We found that for 9 of 10 subrecipients, staff did not adequately follow prescribed monitoring procedures. In general, we did not find that staff were thorough enough in completing the checklists. For example:

- **For 7 of 10 subrecipients, the findings and recommendations did not specifically address questions on the monitoring checklist.** For example, one monitoring step requires staff to confirm that subrecipient employees maintain time sheets if their salaries are partially funded by Perkins. For one subrecipient, staff notes for this step consisted of "Support Services" and "Be sure Financial Services has copies of time sheets," neither of which addresses whether the subrecipient is properly charging salaries to Perkins. Another monitoring step requires staff to confirm that subrecipients are monitoring occupational outlook data to ensure that programs supported by Perkins relate to actual employment opportunities, a key component of the program approval process. For one subrecipient, staff answered this question by focusing on how the subrecipient taught students to do career planning, rather than on its efforts to analyze current occupational outlook data.
- **For 5 of 10 subrecipients, conclusions appeared to be based on insufficient evidence.** For example, one monitoring step requires an on-site review of files to determine if subrecipients retain applicable records and files. In one case, staff reported that they "were told that all the records were in the office but could not look for our own validation of this information." Therefore, staff concluded on the subrecipient's compliance without reviewing the pertinent documentation required by the System's policies and procedures. Another monitoring step asks staff to confirm that there are credentialed instructors for each approved program by reviewing copies of credentials or the System's credentialing database. For one subrecipient, staff reported that the subrecipient keeps copies of the credentials. It was not clear whether the credentials had been reviewed to confirm that all programs had credentialed instructors.
- **For 4 of 10 subrecipients, staff skipped steps on the monitoring checklist.** For one subrecipient, steps were left blank that required staff to confirm that Perkins-funded contracts are on file, Perkins equipment information forms are available, and teachers have copies of program approval documents

(which contain important course information). For another subrecipient, staff left blank the monitoring step requiring an inspection to determine if equipment purchased with Perkins funds is maintained and secured. When steps are skipped, it is unknown if the subrecipients were in compliance with these areas at the time of the visit.

In addition, the System's policies and procedures require staff to complete a findings report and send it to the district after the visit. However, we found that staff conduct an exit conference at the conclusion of the visit to discuss findings and later provide a copy of the checklist in lieu of a formal report of findings and recommendations. Further, staff do not appear to provide the checklist in a timely fashion. For example, as of October 2005, staff had only provided the checklist to 1 of the 18 subrecipients visited in Fiscal Year 2005, even though most of the monitoring visits had been completed by Spring 2005. Additionally, we did not find evidence that staff followed up on findings and recommendations from the monitoring checklists. Consequently, the System is not ensuring that subrecipients are making necessary changes identified during the monitoring visits. This weakens the overall effectiveness of the monitoring process.

There are two main reasons why staff do not follow established monitoring procedures. First, the System does not appear to devote enough resources to Perkins monitoring. As reported in Chapter 2, we surveyed staff to determine the current System resources dedicated to various functions, including monitoring. We found that the System uses only about 0.3 FTE to conduct all Perkins administrative and program monitoring. We question whether this is a sufficient number of resources to complete effective monitoring of a program that provides about \$13.7 million annually to subrecipients. Staff report that time constraints make it difficult to conduct a comprehensive visit as outlined in the monitoring program. Currently staff devote less than one day per monitoring visit (and no more than a half day in some cases). As a result, staff report having to skip monitoring procedures and relying often on verbal responses for determining compliance rather than conducting the level of detailed review required by the checklist for on-site inspections. The System should reassess its current Perkins staff resources to ensure an adequate review of Perkins administrative and program activities. This is particularly important in view of the questions we raised in Chapter 2 about the amount of money the System actually spends on Perkins administrative activities, such as the System's failure to make the required non-federal administrative match in the last three fiscal years. If funding does not allow for a more thorough monitoring process, then the System should revise its monitoring procedures to ensure that staff perform complete monitoring reviews of those areas with the greatest risk.

Second, the System's monitoring process lacks sufficient quality control checks. We found no evidence that supervisors review the monitoring checklists after the visits

to ensure that staff answer all questions sufficiently and issue formal reports. The System should implement a supervisory review of the monitoring checklists and ensure that all questions are answered sufficiently. The review should also ensure that formal reports are issued and all recommendations followed up on in a timely manner. Currently the System's monitoring procedures do not specify the time frames for staff to issue reports. The procedures also only require follow-up on "major" problems without defining what constitutes a major problem. Timely findings reports and follow-up are important because they provide a reference for improving programs in future years.

Ineffective administrative and program monitoring prevents the System from ensuring that subrecipients' career and technical education programs fulfill all applicable requirements. We are especially concerned with this as it relates to program assurances made during program approvals. As noted in Chapter 1, the System now uses an online program approval process in which subrecipients make assurances about the quality of their programs, such as having credentialed teachers, rather than submitting written documentation to support these claims. The primary purpose of on-site program monitoring is to validate these assurances. If program monitoring is not effective, then the System cannot verify that assurances are being met. We would question the validity of using online assurances if the System were unable to monitor them appropriately.

Recommendation No. 18:

The Colorado Community College System should improve its Perkins administrative and program monitoring processes by:

- a. Considering reassigning staff duties so that more resources are devoted to monitoring activities or revising monitoring procedures to focus on those areas with the greatest risk.
- b. Requiring staff to complete monitoring checklists and issue formal reports of findings and recommendations.
- c. Instituting a supervisory review to ensure that monitoring checklists and reports have been completed sufficiently.
- d. Following up on all monitoring recommendations to ensure they have been implemented.

- e. Establishing time frames in its monitoring procedures for the timely completion of monitoring reports, supervisory reviews, and follow-up on recommendations.

Colorado Community College System Response:

Agree. Implementation Date: December 2006.

- a. CCCS will consider reassigning staff duties to devote more resources to monitoring within available resources and will review monitoring procedures to assure that the focus is on areas with the greatest risk.
- b. CCCS will require that staff complete monitoring checklists and will issue reports of findings as resources permit.
- c. CCCS will institute a supervisory review of monitoring checklists.
- d. CCCS will follow up on monitoring recommendations by requiring subrecipients to report on implementation in their annual Perkins plans.
- e. CCCS will establish realistic timeframes for monitoring procedures.

Monitoring Coverage

In the State's Perkins plan dated June 1999, the System committed to at least one on-site review per subrecipient every five years. According to the plan, the monitoring reviews should include the administrative, fiscal, and programmatic elements already discussed in this chapter, as well as an analysis of data reliability. We analyzed the System's monitoring coverage and found two main weaknesses, which we discuss below.

Monitoring commitment. We compiled the number of Perkins monitoring visits conducted by the System during Fiscal Years 2001 through 2005 and found three ways in which it appears the System is not meeting its five-year monitoring commitment. First, only 43 of 96 (45 percent) subrecipients received administrative monitoring, in which staff review subrecipients' fiscal records and test data reliability. Second, we could not determine the number of subrecipients that received program monitoring, in which staff verify assurances subrecipients make about their approved programs, over the same period because staff could not provide a complete list of visits. However, we were able to identify 23 of 96 (24 percent) subrecipients that received program monitoring in Fiscal Years 2004 and 2005 in

conjunction with administrative monitoring. Staff reported that program monitors perform many “unofficial” monitoring visits that are not documented. Third, when staff do perform program monitoring, it is unclear how many career and technical education programs and schools in the district are visited. We would question the validity and completeness of program monitoring visits if conclusions were based on a single visit to one high school in a district with multiple high schools and programs.

According to staff, the System developed a six-year monitoring schedule for Fiscal Years 2004 through 2009 based on risk factors such as the date of the last monitoring visit and the size of the subrecipient. However, the six-year schedule is not consistent with the System’s stated five-year monitoring commitment made to the United States Department of Education (USDOE) in the State’s Perkins plan. We did not find evidence that the System revised its state plan to reflect its new six-year monitoring cycle. In addition, under the new schedule, we found that 6 of the 15 largest subrecipients will go at least eight fiscal years without a monitoring visit. These six subrecipients were allocated between \$268,000 and \$834,000 in Perkins funds in Fiscal Year 2005. This is a concern because a subrecipient’s deficiencies may go unchecked for an extended period. For example, we found that 13 percent (42 of 329) of active career and technical education instructors at one community college do not currently hold a valid occupational credential and that the System has not monitored this college on the credentialing requirement since at least Fiscal Year 2000. According to USDOE staff, very large districts should be monitored more often than every five years.

Monitoring at consortia. School districts that qualify for \$15,000 or less in Perkins formula funds generally must join a consortium to receive Perkins funds. For Fiscal Year 2005, 108 school districts were members of 17 consortia that received total allocations of about \$1.4 million in Perkins funds, or about 10 percent of the allocations to all subrecipients. We found that the System does not perform program monitoring for school districts that belong to Perkins consortia. Instead, the System expects consortium administrators to conduct this type of monitoring. We visited two consortia and found that one never conducts this monitoring and the other only began monitoring programs in Fiscal Year 2005. The administrator at the consortium that does not conduct monitoring reported not being aware of this requirement. In addition, the System does not require consortium administrators to submit monitoring reports signifying they have performed the required monitoring and the results. Therefore, we cannot determine how many districts have been monitored. Staff reported that it would be extremely difficult for them to monitor all school districts in consortia because of time constraints.

Overall, the System needs to strengthen its Perkins monitoring coverage in several ways. First, the System should reassess its planned monitoring cycles because they

may not be realistic or appropriate given the current resources of the System. As noted in the previous section, the System currently commits less than a third of an FTE to monitoring subrecipients receiving about \$13.7 million annually in Perkins funds. If the System cannot devote significantly more resources to monitoring, then it needs to find ways to use its current resources more efficiently. For example, federal administrators indicated that many states conduct desk audits or do more formal risk analysis to target monitoring resources more effectively. Second, the System should adequately document all program monitoring visits and develop written policies that outline the number of schools and programs required for review during each visit, particularly for districts with multiple schools. Third, the System should ensure that consortium administrators perform program monitoring in accordance with the System's established monitoring procedures. To accomplish this, the System should require consortia to submit monitoring reports and include assurances about performing this monitoring in its grant agreements with consortia.

The purpose of Perkins funds is to support career and technical education programs that assist and facilitate students' educational and career goals. Without adequate monitoring coverage, the System cannot ensure that programs funded with Perkins dollars are appropriately administered and to the greatest benefit of students throughout Colorado.

Recommendation No. 19:

The Colorado Community College System should improve its monitoring process for the federal Perkins program by:

- a. Reassessing its monitoring schedule to ensure that it meets its commitment to monitor each subrecipient once every five years as provided in the State's Perkins plan. The reassessment should include formalizing risk criteria for selecting subrecipients for audit and considering using desk audits in lieu of site visits for lower-risk entities. If the System decides to use a different cycle, it should update the State's Perkins plan.
- b. Expanding monitoring policies to include written policies that outline the number of schools and programs required for review during each program monitoring visit.
- c. Ensuring that consortium administrators complete on-site monitoring visits in accordance with established procedures.

Colorado Community College System Response:

Partially agree. Implementation Date: July 2007, subject to reauthorization of the Perkins Act.

- a. CCCS agrees. The Perkins State Plan revision will change the five year cycle of monitoring to six years.
- b. CCCS currently has a written Perkins monitoring policy. CCCS will review that policy and consider additions or improvements.
- c. CCCS will consult with consortia to see if on-site monitoring visits are practical within their administrative budgets. The monitoring schedule has just been changed to coverage of subrecipients within a six-year cycle. Staffing prohibits full monitoring of all sites each year but our goal is to develop a desk audit monitoring of each subrecipient in the designated area.

Federal Audit Requirements

OMB *Circular A-133* requires the System, as the entity that passes through federal Perkins funds to subrecipients, to ensure that subrecipients expending more than \$500,000 in federal awards meet OMB *Circular A-133* audit requirements. Specifically, as part of the annual financial audit, the subrecipient's independent auditors must test the subrecipient's compliance with federal requirements. The Fiscal Year 2002 financial audit of the System found that it did not obtain and review subrecipients' OMB *Circular A-133* audits. The 2002 audit recommended that the System ensure that subrecipients meet OMB *Circular A-133* audit requirements and follow up on any corrective action. The System agreed to the recommendation and stated that it would develop a plan to implement the recommendation during Fiscal Year 2003.

During our audit we found that the System is still not obtaining and reviewing these audits from all subrecipients subject to the requirement. Specifically, the System received and reviewed the Fiscal Year 2004 OMB *Circular A-133* audits for six subrecipients. However, we found that there are six other subrecipients currently subject to OMB *Circular A-133* audit requirements, based solely on the amount of Perkins funds allocated to them. Staff report they are not sure which subrecipients are subject to OMB *Circular A-133* audits, nor have they attempted to identify all these subrecipients. Instead, staff mention the requirement during monitoring visits and depend upon the subrecipients to follow up.

The System should implement systematic procedures to ensure that all Perkins subrecipients meet OMB *Circular A-133* requirements. The procedures should include methods for identifying subrecipients subject to OMB *Circular A-133* audit requirements. The Colorado Department of Education compiles a list of school districts that are required to meet OMB *Circular A-133* audit requirements each year, which could be a resource for the System. The procedures should also ensure that subrecipients submit their OMB *Circular A-133* audits in a timely manner by amending its Perkins grant agreement to include a provision requiring all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to its requirements.

Recommendation No. 20:

The Colorado Community College System should ensure that Perkins subrecipients comply with OMB *Circular A-133* audit requirements by:

- a. Implementing a process to help identify subrecipients subject to OMB *Circular A-133* audit requirements.
- b. Amending the Perkins grant agreement to include a provision requiring all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to OMB *Circular A-133* audit requirements.

Colorado Community College System Response:

Agree. Implementation Date: July 2006.

- a. CCCS will implement a process to help identify subrecipients subject to OMB *Circular A-133* audit requirements.
 - b. CCCS will amend the Perkins grant agreement to include a provision requiring all subrecipients to submit either their annual OMB *Circular A-133* audit or a statement attesting that they are not subject to OMB *Circular A-133* audit requirements.
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Audits of State Career and Technical Education Funds

The rules of the State Board for Community Colleges and Occupational Education (Board) state that “the board may audit any district at anytime . . . to determine if eligible costs and enrollments have been properly reported.” Thus, Colorado Vocational Act audits are the primary means by which the System determines the accuracy of CVA reimbursements. Audits consist of fiscal reviews of the costs claimed by districts (e.g., instructional, equipment, books, and contracts) on the CVA financial reports submitted to the System. Audits also review student enrollments and class schedules to determine the districts’ per-FTE costs, one component of the CVA formula.

Staff take between one and five days to complete these audits. At the conclusion of each audit, staff prepare a summary of the findings and recalculate the district’s CVA reimbursement using the revised costs and FTE. If the audit reveals that the actual reimbursement to the district was 5 percent greater or lower than the amount to which the district was entitled, then the System will adjust the district’s reimbursement amount in the next fiscal year accordingly.

A total of 164 secondary school districts received CVA funds over the last five fiscal years. We examined the CVA auditing process and reviewed a sample of 10 CVA audits completed since Fiscal Year 2002. We determined that the audits are sufficient for determining if districts are correctly claiming their CVA expenses. However, we identified concerns with audit coverage and reporting errors. Specifically, we found:

Inadequate audit coverage. Board policy says that districts receiving CVA funds should receive an audit once every five years. To meet this goal, the System needs to audit approximately 33 districts per fiscal year. However, in the last four fiscal years, the System has audited a total of 62 districts, or about 15 audits per year. On average, the 15 audits cover about 10 percent of CVA funds. At this rate, it would take about 10 years for every district to receive an audit. In addition, staff report that some districts have not received a CVA audit since 1994. The System’s current audit cycle does not provide enough assurance that districts consistently report accurate and appropriate CVA expenditures. Another concern is that CVA audits only cover one fiscal year. If a district has material reporting errors in one year, there is a greater risk of material errors in previous or subsequent years. Current Board rules allow for audits of subrecipient expenditures up to two years after the date of submission. The System should consider expanding the number of years included in each audit, particularly for districts with demonstrated reporting problems or, if

it is more feasible, scheduling follow-up audits for school districts with more egregious errors.

Repeated reporting errors. We identified repeated reporting errors in our sample of 10 CVA audit files. Specifically, we found that all 10 of the audits identified errors in the reporting of FTEs and instructional costs, resulting in both over- and underreporting. We also reviewed the audit results for all 64 audits conducted since Fiscal Year 2002 (two districts had multiple audits) and found that all had some type of reporting error. Together, the 64 audits identified a total of about \$400,000 in underreported CVA expenses. Nearly two-thirds of the districts had errors that exceeded the System's 5 percent materiality threshold. Further, the two districts that received multiple CVA audits since Fiscal Year 2002 had similar reporting errors in both audits. For example, one district overstated instructional costs for the same program in consecutive years because it incorrectly calculated the instructor's salary.

The amount appropriated for CVA funding annually is a fixed sum divided among qualifying school districts. If a district overstates its CVA expenses, it will receive a larger reimbursement than it is entitled to at the expense of all other school districts. Therefore, to ensure equity, the System's audits should seek to minimize future errors by districts through better reporting. However, we found that the current audit process does not have formal procedures designed to meet this goal. For example, the audit reports do not contain recommendations for improving CVA reporting that address the causes of errors made. To illustrate our point, one CVA audit we reviewed found that a district calculated the share of equipment costs attributable to one of its career and technical education programs based on 11.95 percent when it should have been calculating costs at 13.91 percent. While the report identified and corrected the reporting error, it did not address why the district used the wrong rate or recommend ways to prevent this type of error from reoccurring. Staff report that they provide verbal, but not written, recommendations for improving CVA reporting at the audit's exit conference and substantial technical assistance on correct reporting in between audits.

In addition, System staff do not attempt to identify common errors made by districts. Consequently, the System may be missing an opportunity to target technical assistance to common mistakes. Finally, the CVA audit process lacks a mechanism to follow up on findings identified during CVA audits and correct problems. As a result, the System cannot ensure that similar reporting errors do not occur in subsequent years.

The System should reassess whether the current five-year audit cycle is reasonable and, if not, revise it through the Board rules to use a risk-based approach. As part of the reassessment, the System should consider alternative methods to increase audit coverage. For example, Board rules allow staff to conduct desk audits, which could

be an effective tool for auditing lower-risk districts. The System should also implement procedures to follow up on problems identified during audits, such as issuing reports with recommendations, reviewing audits to identify common errors, and formally following up on errors. The System should also seek to identify common errors and address these through technical assistance.

Recommendation No. 21:

The Colorado Community College System should improve the auditing process for the Colorado Vocational Act by:

- a. Developing and implementing a reasonable, risk-based audit cycle and considering alternative methods, such as desk audits, to increase audit coverage.
- b. Issuing reports to school districts on audit results that include recommendations aimed at improving districts' CVA reporting.
- c. Implementing a formal process to follow up on and resolve audit findings.
- d. Analyzing district reporting errors and targeting technical assistance at common problems.

Colorado Community College System Response:

Agree. Implementation Date: July 2006.

- a. CCCS will develop and implement a risk-based audit cycle.
 - b. CCCS will issue reports to school districts on audit results that include recommendations for improved reporting as resources allow.
 - c. CCCS will implement a formal process to follow up and resolve audit findings as resources allow.
 - d. CCCS will analyze reporting errors and target technical assistance at common problems.
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APPENDICES

Appendix A

Description of Career and Technical Education Program Areas

Agriculture

Agriculture education consists of training in agriculture occupations, including production agriculture, supplies and services, mechanics, ornamental horticulture, aquaculture, agribusiness, marketing, farm and ranch management, forestry, wildlife, and natural resources.

Business

Business is the largest career and technical education area in the State and consists of programs such as office administration, accounting, business technology, and management.

Family and Consumer Science

Family and consumer sciences education is designed to equip students with entry-level skills needed for balancing work and family. Instruction focuses on life management skills, relationships, child and adolescent development, and teen health. This program area also encompasses related occupations such as culinary arts, early childhood education, and interior design.

Health

This program area encompasses health programs as well as criminal justice programs. Health programs provide students with the principles and skills common to any health occupation with options for students to pursue education and training in occupations such as nurse aide, physical therapist aide, rehabilitation aide, dental aide, occupational therapy aide, medical office aide, and others.

Marketing

Marketing education programs are designed to teach marketing concepts and skills as well as the underlying business foundations required for the understanding and development of marketing. These programs offer opportunities to gain first-hand experience in fashion merchandising, advertising, general marketing, finance and credit, travel and tourism, transportation, distribution, sports and entertainment, full and quick service restaurants, multimedia and technical sales, and international marketing.

Multi-Occupational Cooperative Education

Multi-occupational cooperative education programs are cooperative career and technical education programs that offer training opportunities in a diversified range of occupations. The program is offered in small high schools that do not have sufficient enrollment to justify a specialized career and technical education program. The range of occupations served through this training vehicle may include agriculture, business, health, family and consumer sciences, marketing, technical, and trades and industry.

Special Programs

Special programs are designed to provide students with entry-level job skills to enter the Colorado labor force. For students who are disadvantaged, disabled, and/or at-risk, two programs may be offered: Alternative Cooperative Education (ACE) for at-risk students, or ACE/WES (Work Experience Study) for special education students. These hybrid programs combine academic and career assessments, classroom instruction, and work-site training to accommodate student needs. The classroom instruction covers academic standards with a career emphasis.

Technical

Technical education programs provide training in an array of rapidly changing, high-technology occupations. Technician education in computer-assisted drafting, electronics, and graphic design are the areas of primary emphasis at the secondary level, but there are other programs offered in areas where there is occupational demand - such as instrumentation technology, computer repair and maintenance, and engineering-related technology.

Trades and Industry

Trades and industrial education has the most diversified program base, offering a broad spectrum of programs tailored to the needs of students and industry. Programs include occupations such as auto body repair, auto mechanics, cabinetmaking, commercial art, commercial photography, construction trades, diesel mechanics, electrician, graphic and printing communications, industrial equipment maintenance and repair, machine shop, machinists technology, masonry/bricklaying, and small engine repair.

Appendix B

Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
ADAMS 1 - MAPLETON	\$27,646	\$62,576
ADAMS 12 - NORTHGLENN/THORNTON	\$159,496	\$839,207
ADAMS 14 - COMMERCE CITY	\$69,948	\$172,311
ADAMS 27J - BRIGHTON	\$38,551	\$172,132
ADAMS 29J - BENNETT	\$12,313	\$1,964
ADAMS 31J - STRASBURG	\$5,848	\$16,767
ADAMS 50 - WESTMINSTER	\$91,693	\$335,243
ALAMOSA RE-11J - ALAMOSA	\$32,935	\$48,932
ALAMOSA RE-22J - SANGRE DE CR.	\$11,989	\$31,241
ARAPAHOE 1 - ENGLEWOOD	\$21,907	\$92,187
ARAPAHOE 2 - SHERIDAN	\$12,997	\$78,675
ARAPAHOE 5 - CHERRY CREEK	\$160,197	\$1,113,314
ARAPAHOE 6 - LITTLETON	\$65,162	\$417,537
ARAPAHOE 26J - DEER TRAIL	\$0	\$0
ARAPAHOE 28J - AURORA	\$272,792	\$1,087,456
ARAPAHOE 32J - BYERS	\$5,264	\$43,553
ARCHULETA 50 JT - PAGOSA SPRINGS	\$20,958	\$51,499
BACA RE-1 - WALSH	\$10,566	\$16,957
BACA RE-3 - PRITCHETT	\$8,482	\$0
BACA RE-4 - SPRINGFIELD	\$11,379	\$11,870
BACA RE-5 - VILAS	\$8,265	\$24,544
BACA RE-6 - CAMPO	\$0	\$0
BENT RE-1 - LAS ANIMAS	\$13,555	\$29,428

Appendix B

Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
BENT RE-2 - MCCLAVE	\$9,713	\$38,641
BOULDER RE-1J - ST. VRAIN VALLEY	\$119,164	\$661,880
BOULDER RE-2 - BOULDER VALLEY	\$136,666	\$863,334
CHAFFEE R-31 - BUENA VISTA	\$0	\$0
CHAFFEE R-32J - SALIDA	\$15,091	\$54,080
CHEYENNE R-1 - KIT CARSON	\$8,858	\$10,950
CHEYENNE RE-5 - CHEYENNE WELLS	\$10,665	\$29,391
CLEAR CREEK RE-1 - IDAHO SPRINGS	\$12,226	\$0
CONEJOS RE-1J - N. CON. (LA JARA)	\$21,764	\$149,675
CONEJOS 6J - SANFORD	\$11,239	\$4,393
CONEJOS RE-10 - S. CON. (ANTONITO)	\$15,241	\$23,892
COSTILLA R-1 - CENTENNIAL	\$12,484	\$38,411
COSTILLA R-30 - SIERRA GRANDE	\$8,233	\$41,238
CROWLEY RE-1J - CROWLEY COUNTY	\$16,579	\$6,631
CUSTER C-1 - CUSTER CO. CONSORTIUM	\$13,569	\$34,796
DELTA 50J - DELTA	\$46,003	\$13,564
DENVER 1 - DENVER	\$834,247	\$772,835
DOLORES RE-2J - DOLORES COUNTY	\$10,570	\$30,009
DOUGLAS RE-1 - DOUGLAS COUNTY	\$121,747	\$947,199
EAGLE RE-50 - EAGLE COUNTY	\$32,388	\$73,667
ELBERT C-1 - ELIZABETH	\$16,840	\$42,102
ELBERT C-2 - KIOWA	\$0	\$0
ELBERT 100J - BIG SANDY (SIMLA)	\$8,341	\$21,367

Appendix B

Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
ELBERT 200 - ELBERT	\$0	\$0
ELBERT 300 - AGATE	\$0	\$0
EL PASO RJ1 - CALHAN	\$5,865	\$33,337
EL PASO 2 - HARRISON	\$121,275	\$97,641
EL PASO 3 - WIDEFIELD	\$44,210	\$119,630
EL PASO 8 - FOUNTAIN (FT. CARSON)	\$31,128	\$7,075
EL PASO 11 - COLORADO SPRINGS	\$295,083	\$136,093
EL PASO 12 - CHEYENNE MOUNTAIN	\$17,421	\$14,499
EL PASO 14 - MANITOU SPRINGS	\$8,021	\$13,194
EL PASO 20 - ACADEMY	\$61,780	\$660,098
EL PASO 22 - ELLICOTT (CALHAN)	\$16,279	\$17,280
EL PASO 23 JT - PEYTON	\$7,966	\$5,113
EL PASO 28 - HANOVER	\$0	\$0
EL PASO 38 - LEWIS-PALMER	\$18,473	\$0
EL PASO 49 - FALCON (PEYTON)	\$31,270	\$288,616
EL PASO 54 JT - EDISON (YODER)	\$3,552	\$0
EL PASO 60 JT - MIAMI (RUSH)	\$0	\$0
FREMONT RE-1 - CANON CITY	\$37,230	\$71,130
FREMONT RE-2 - FLORENCE	\$24,034	\$43,496
FREMONT RE-3 - COTOPAXI	\$0	\$0
GARFIELD RE-1 - ROARING FORK	\$38,722	\$83,013
GARFIELD RE-2 - RIFLE	\$26,850	\$93,327
GARFIELD 16 - PARACHUTE	\$9,573	\$38,499

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Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
GILPIN RE-1 - GILPIN CO.-BLACK HAWK	\$3,888	\$316
GRAND 1 - WEST GRAND (KREMMLING)	\$7,043	\$8,606
GRAND 2 - EAST GRAND (GRANBY)	\$15,772	\$95,226
GUNNISON RE-1J - GUNNISON	\$12,964	\$20,355
HINSDALE COUNTY RE-1	\$0	\$0
HUERFANO RE-1 - WALSENBURG	\$14,616	\$0
HUERFANO RE-2 - LAVETA	\$9,759	\$22,402
JACKSON R1 - NORTH PARK (WALDEN)	\$10,830	\$4,134
JEFFERSON R1 - JEFFCO (LAKEWOOD)	\$399,497	\$3,874,029
KIOWA RE-1 - EADS	\$9,681	\$13,102
KIOWA RE-2 - PLAINVIEW	\$0	\$0
KIT CARSON C-20 - ARRIBA-FLAGLER	\$9,474	\$16,617
KIT CARSON R-23 H. PLAINS-SEIBERT	\$9,428	\$0
KIT CARSON R-4 - STRATTON	\$9,598	\$16,993
KIT CARSON R-5 - BETHUNE	\$0	\$22,678
KIT CARSON RE-6J - BURLINGTON	\$15,155	\$66,441
LAKE R-1 - LAKE CO. (LEADVILLE)	\$15,129	\$40,752
LA PLATA 9-R - DURANGO	\$30,877	\$120,226
LA PLATA 10JT-R - BAYFIELD	\$15,219	\$0
LA PLATA 11JT - IGNACIO	\$19,046	\$107,994
LARIMER R-1 - POUDDRE (FT. COLLINS)	\$130,594	\$644,444
LARIMER R-2J - THOMPSON (LOVELAND)	\$74,516	\$263,171
LARIMER R-3 - PARK (ESTES PARK)	\$7,343	\$14,159

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Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
LAS ANIMAS 1 - TRINIDAD	\$27,487	\$9,508
LAS ANIMAS 2 - PRIMERO (WESTON)	\$5,721	\$0
LAS ANIMAS 3 - HOEHNE	\$4,489	\$35,466
LAS ANIMAS 6 - AGUILAR	\$7,171	\$4,244
LAS ANIMAS 82 - BRANSON	\$8,542	\$39,658
LAS ANIMAS 88 - KIM	\$8,103	\$23,899
LINCOLN C113 - GENOA-HUGO	\$6,191	\$55,069
LINCOLN RE-4J - LIMON	\$7,867	\$10,507
LINCOLN RE-23 - KARVAL	\$8,768	\$11,282
LOGAN RE-1 - VALLEY (STERLING)	\$32,893	\$212,200
LOGAN RE-3 - FRENCHMAN (FLEMING)	\$10,095	\$57,280
LOGAN RE-4 - BUFFALO (MERINO)	\$9,190	\$8,040
LOGAN RE-5 - PLATEAU (PEETZ)	\$9,136	\$13,592
MESA 49JT - DE BEQUE	\$0	\$0
MESA 50 - PLATEAU VLY. (COLBRAN)	\$0	\$0
MESA 51 - MESA CO. VALLEY (GR. JCT.)	\$148,300	\$780,726
MINERAL - CREEDE CONSORTIUM 1	\$8,976	\$0
MOFFAT RE-1 - MOFFAT CO. (CRAIG)	\$18,593	\$27,050
MONTEZUMA RE-1 - MONTEZMA-CORTEZ	\$40,754	\$180,894
MONTEZUMA RE-4A - DOLORES	\$8,953	\$33,904
MONTEZUMA RE-6 - MANCOS	\$7,146	\$31,491
MONTROSE RE-1J - MONTROSE	\$54,863	\$59,100
MONTROSE RE-2 - W. END (NATURITA)	\$0	\$0

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Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
MORGAN RE-2J - BRUSH	\$18,909	\$67,231
MORGAN RE-3 - FORT MORGAN	\$38,854	\$22,863
MORGAN RE-20J - WELDON VALLEY	\$8,574	\$17,716
MORGAN RE-50J - WIGGINS	\$13,574	\$0
OTERO R-1 - E. OTERO (LA JUNTA)	\$29,609	\$108,631
OTERO R-2 - ROCKY FORD	\$17,723	\$24,242
OTERO 3J - MANZANOLA	\$10,971	\$11,721
OTERO R-4J - FOWLER	\$10,317	\$1,762
OTERO 31 - CHERAW	\$9,053	\$41,786
OTERO 33 - SWINK	\$8,733	\$15,029
OURAY R-1 - OURAY	\$9,123	\$14,388
OURAY R-2 - RIDGEWAY	\$0	\$0
PARK 1 - PLATTE CANYON (BAILEY)	\$9,618	\$25,411
PARK RE-2 - PARK COUNTY (FAIRPLAY)	\$9,756	\$0
PHILLIPS RE-1J - HOLYOKE	\$13,134	\$60,973
PHILLIPS RE-2J - HAXTUN	\$9,757	\$60,720
PITKIN 1 - ASPEN	\$6,557	\$18,349
PROWERS RE-1 - GRANADA	\$0	\$0
PROWERS RE-2 - LAMAR	\$31,761	\$79,762
PROWERS RE-3 - HOLLY	\$12,392	\$19,342
PROWERS RE-13 JT - WILEY	\$10,126	\$16,081
PUEBLO 60 - CITY (PUEBLO)	\$187,391	\$316,007
PUEBLO 70 - PUEBLO COUNTY (PUEBLO)	\$34,517	\$161,859

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Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
RIO BLANCO RE-1 - MEEKER	\$12,552	\$56,661
RIO BLANCO RE-4 - RANGELY	\$10,972	\$32,607
RIO GRANDE C-7 - DEL NORTE	\$13,099	\$29,310
RIO GRANDE C-8 - MONTE VISTA	\$21,097	\$13,115
RIO GRANDE RE-33J - SARGENT	\$10,511	\$16,120
ROUTT RE-1 - HAYDEN	\$10,532	\$4,391
ROUTT RE-2 - STEAMBOAT SPRINGS	\$16,775	\$123,454
ROUTT RE-3 - S. ROUTT (OAK CREEK)	\$5,881	\$28,695
SAGUACHE RE-1 - MTN.VLY. (SGCHE)	\$9,846	\$0
SAGUACHE 2 - MOFFAT	\$5,284	\$10,099
SAGUACHE 26JT - CENTER	\$17,228	\$51,427
SAN JUAN 1 - SILVERTON	\$0	\$0
SAN MIGUEL R-1 - TELLURIDE	\$6,549	\$6,089
SAN MIGUEL R-2J - NORWOOD	\$5,663	\$0
SEDGWICK RE-1 - JULESBURG	\$5,584	\$13,368
SEDGWICK RE3 - PLATTE VALLEY (OVID)	\$9,283	\$6,577
SUMMIT RE-1 - SUMMIT COUNTY (FRISCO)	\$20,584	\$57,533
TELLER RE-1 - CRIPPLE CREEK (VICTOR)	\$6,781	\$453
TELLER RE-2 - WOODLAND PARK	\$26,952	\$38,364
WASHINGTON R-1 - AKRON	\$11,310	\$35,388
WASHINGTON R-2 - ARICKAREE	\$9,375	\$29,321
WASHINGTON R-3 - OTIS	\$8,950	\$27,134
WASHINGTON 101 - LONE STAR	\$7,991	\$31,147

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Fiscal Year 2005 Perkins Allocations and Colorado Vocational Act Disbursements to School Districts		
School Districts	Perkins Allocation¹	Colorado Vocational Act Disbursements²
WASHINGTON R-104 - WOODLIN	\$8,777	\$10,217
WELD RE-1 - GILCREST	\$23,864	\$91,880
WELD RE-2 - EATON	\$13,685	\$63,275
WELD RE-3J - KEENESBURG	\$19,312	\$133,940
WELD RE-4 - WINDSOR	\$20,445	\$19,263
WELD RE-5J - JOHNSTOWN	\$19,774	\$5,450
WELD 6 - GREELEY	\$158,535	\$319,294
WELD RE-7 - PLATTE VALLEY (KERSEY)	\$14,754	\$80,425
WELD RE-8 - FORT LUPTON	\$27,533	\$150,413
WELD RE-9 - AULT-HIGHLAND	\$12,820	\$20,556
WELD RE-10J - BRIGGS DALE	\$8,613	\$20,091
WELD RE-11J - PRAIRIE (N.RAYMR)	\$8,208	\$33,847
WELD RE-12 - PAWNEE (GROVER)	\$10,329	\$28,652
YUMA RJ-1 - WEST YUMA (YUMA)	\$17,874	\$46,320
YUMA RJ-2 - EAST YUMA (WRAY)	\$12,771	\$20,762
YUMA RJ-3 - IDALIA	\$8,777	\$22,579
YUMA J-4 LIBERTY	\$8,829	\$25,476
Total	\$5,744,118	\$19,960,610
<p>Source: Office of the State Auditor's analysis of data from the Colorado Community College System.</p> <p>¹The figures listed are allocations, and actual disbursements may vary.</p> <p>²The figures listed are actual disbursement amounts for Fiscal Year 2005.</p>		

Fiscal Year 2005 Perkins Allocations to Post-Secondary Institutions	
Post-Secondary Institutions	Perkins Allocation¹
AIMS COMMUNITY COLLEGE	\$267,515
ARAPAHOE COMMUNITY COLLEGE	\$402,040
COLORADO MOUNTAIN COLLEGE	\$209,033
COLORADO NORTHWESTERN COMMUNITY COLLEGE	\$99,905
COMMUNITY COLLEGE OF AURORA	\$240,156
COMMUNITY COLLEGE OF DENVER	\$744,458
DELTA / MONTROSE AREA VOCATIONAL SCHOOL	\$228,120
EMILY GRIFFITH OPPORTUNITY SCHOOL	\$507,030
FRONT RANGE COMMUNITY COLLEGE	\$617,341
LAMAR COMMUNITY COLLEGE	\$193,175
MESA STATE COLLEGE	\$118,106
MORGAN COMMUNITY COLLEGE	\$268,392
NORTHEASTERN JUNIOR COLLEGE	\$260,693
OTERO JUNIOR COLLEGE	\$350,781
PIKES PEAK COMMUNITY COLLEGE	\$1,016,476
PUEBLO COMMUNITY COLLEGE	\$929,576
RED ROCKS COMMUNITY COLLEGE	\$272,143
SAN JUAN BASIN AREA VOCATIONAL SCHOOL	\$259,951
T. H. PICKENS TECHNICAL CENTER	\$163,764
TRINIDAD STATE JUNIOR COLLEGE	\$783,711
Total	\$7,932,366
Source: Office of the State Auditor's analysis of data from the Colorado Community College System.	
¹ The figures listed are allocations, and actual disbursements may vary.	

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