



MATSON  
& ISOM

REDWOODS COMMUNITY  
COLLEGE DISTRICT

**Eureka, California**

MANAGEMENT  
COMMENT LETTER

**June 30, 2013**



MATSON  
& ISOM

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

In planning and performing our audit of the basic financial statements of Redwoods Community College District (the District) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated December 31, 2013, on the financial statements of the District.

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

## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

### **2013-A –RECONCILIATIONS**

#### **Condition**

During our audit of the current year, we noted the District's Business Office was 11 months behind on reconciling Cash in County Treasury. The Business Office was ultimately able to reconcile the amount of cash in County Treasury, per the County's records, with the amounts recorded in the District's general ledger at June 30, 2013; however, included in their reconciliation were approximately \$228,180 of unidentified transactions.

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

#### ***Recommendation***

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

**2013-B –CENSUS ROSTER TIMELINESS**

**Condition**

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

***Recommendation***

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

**FOLLOW UP ON PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**2012-A –SEGREGATION OF DUTIES - JOURNAL ENTRIES**

**Condition**

During our audit of the June 30, 2012 fiscal year, we noted that the District’s Controller prepared (initial creating in Datatel) and posted journal entries in the general ledger. No one reviewed the journal entries that she prepared.

***Recommendation***

We recommended that the District implement procedures to ensure proper segregation of duties within the journal entry process to prevent the possibility of a single person preparing and posting journal entries with no reviewer. This could be accomplished by requesting Lee Lindsey review journal entries prepared by Carla Spalding or only allowing Carla to have software rights to review and approve journal entries.

***Current Status***

Implemented

**2012-B –CASH IN COUNTY TREASURY ACCOUNT RECONCILIATIONS**

**Condition**

During our audit of the June 30, 2012 fiscal year, we noted the District’s Business Office got behind on reconciling Cash in County Treasury due to personnel extended sick leave. The Business Office was ultimately able to reconcile the amount of cash in County Treasury, per the County’s records, with the amounts recorded in the District’s general ledger through June 30, 2012; however, included in their reconciliation were approximately \$69,000 of unidentified transactions.

***Recommendation***

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

***Current Status***

See current year finding 2013-A

**2012-C –DUE TO/FROM OTHER FUNDS**

**Condition**

During our audit of the current year, we noted that the District’s due to accounts balance differed from the due from accounts balances. These balances should always be the same.

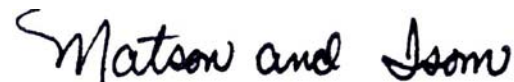
***Recommendation***

We recommend that the District implement a policy that requires any transaction posting in Datatel that includes an amount being recorded in a due to account, also include an entry to a due from account. Following this policy, due to/from accounts will not get out of balance in the future.

***Current Status***

Implemented

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



December 31, 2013  
Redding, California