

State of Washington  
 Status of Audit Resolution  
 December 2019

State Board for Community and Technical Colleges

Agency 699

Audit Report	Finding Number	Finding and Corrective Action Status	
1024858	2018-001	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p>	<p>The design of the ctcLink system did not include an appropriate level of design review, resulting in the system missing critical data validation elements.</p> <p>The State Board for Community and Technical Colleges (State Board) concurs with this finding.</p> <p>The lessons learned from the two colleges in the 2015 pilot resulted in the redesign of the ctcLink system and the data validation process. The following corrective actions have already been implemented:</p> <p>As of December 2017:</p> <ul style="list-style-type: none"> <li>• The State Board assumed the authority to make waiver code changes from the colleges. The new business process requires the use of a Waiver Request Form to be submitted for review by State Board’s technical support and accounting staff prior to implementation by the board’s functional analysts. College staff provide a third level of review. The new form also includes a field for colleges to designate the effective date of implementation.</li> <li>• Class and course fee data entry continues to be a joint responsibility of the State Board and local colleges. The State Board adopts tuition and fee schedules and local colleges may establish additional fees. The State Board now has tools and training available, and requires the college class schedule builders to complete the training prior to having the ability to make changes in the system. The State Board has also provided guidance on how to verify the accuracy of tuition fee schedules entered into the system. Additional review of fees and schedules entered in the system is conducted by State Board’s functional analysts.</li> <li>• Waiver approvals remain a locally managed business process. To ensure accuracy and completeness for all waivers processed by batch, the State Board has provided additional training and continues to work with the colleges to improve processes and protocols.</li> </ul> <p>As of October 2019, the State Board created a segregation of duties matrix to help colleges identify potential security conflicts. To improve controls over payroll, the colleges identified system roles that separate responsibility for setting up new employees in the payroll system and processing payroll, thus mitigating the risk of improper payments. Additional safeguards include:</p> <ul style="list-style-type: none"> <li>• Setting an upper cap on a single paycheck that limits the amount paid to any employee.</li> <li>• Issuing a warning when classified employees are paid outside of the assigned pay range.</li> <li>• Having a designated authority reviewing and verifying payroll.</li> </ul> <p>October 2019, subject to audit follow-up</p>

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1024858	2018-001 (cont'd)	Agency Contact:	John Boesenberg Deputy Executive Director, Business Operations PO Box 42495 Olympia, WA 98504-2495 (360) 704-4303 <a href="mailto:jboesenberg@sbctc.edu">jboesenberg@sbctc.edu</a>

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1024858	2018-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The State Board for Community and Technical Colleges did not perform adequate testing of the ctcLink system, resulting in several types of processing errors.</p> <p>The State Board for Community and Technical Colleges (State Board) concurs with this finding.</p> <p>In response to lessons learned from the pilot colleges, the State Board completely revamped the system testing protocol. As of February 2018, a robust testing and data validation plan was implemented for system upgrades and deployments.</p> <p>System changes now require testing in multiple environments:</p> <ul style="list-style-type: none"> <li>• The developer performs unit testing followed by a technical review prior to code migration to system integration testing by State Board staff.</li> <li>• The State Board’s technical support group performs full regression testing for the software updates. System changes must meet specific exit criteria and pass secondary code review before the support group can recommend the change for user acceptance testing.</li> <li>• College users test the ctcLink application and validate the migrated data during six two-week sprints. Specific exit criteria must be met before the testing team can recommend the change for implementation.</li> <li>• The State Board Application Services Director performs final review and grants approval to move system changes into production.</li> </ul> <p>Additionally, the State Board purchased a test automation software that performs a complete automated regression test to identify any software updates or code revisions. The Human Capital Management pillar was completed and work has commenced on the Campus Solutions and Finance pillars. The State Board continues to work with the product vendor to improve the product’s reporting capabilities.</p> <p>February 2018, subject to audit follow-up</p> <p>John Boesenberg        Deputy Executive Director, Business Operations        PO Box 42495        Olympia, WA 98504-2495        (360) 704-4303  <a href="mailto:jboesenberg@sbctc.edu">jboesenberg@sbctc.edu</a></p>

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1024858	2018-003	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The State Board for Community and Technical Colleges Board did not have adequate documentation to provide reasonable assurance that the data converted from the legacy system to ctcLink is complete and accurate.</p> <p>The State Board for Community and Technical Colleges (State Board) concurs with this finding.</p> <p>As part of the preparation efforts for the group two deployment, the State Board formalized the validation tracking process.</p> <p>Since January 2019, the State Board has been tracking the data validation approval by the deploying college for each test cycle. The State Board also requires a formal sign-off by each affected college for data validation prior to deployment. This process will be applied to all future deployments.</p> <p>Additionally, as part of the cutover activities, system backups are maintained for each college’s data prior to commencing deployment activities and after the deployment activities have been completed. These backups are stored in a separate system location that is accessible to colleges for 30 days after the system goes live. The backups will be retained for 24 months and are available to be restored if needed for analysis.</p> <p>January 2019, subject to audit follow-up</p> <p>John Boesenberg          Deputy Executive Director, Business Operations          PO Box 42495          Olympia, WA 98504-2495          (360) 704-4303  <a href="mailto:jboesenberg@sbctc.edu">jboesenberg@sbctc.edu</a></p>

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1024858	2018-004	<p>Finding: The State Board for Community and Technical Colleges did not design controls in the data interface process between ctcLink and AFRS to prevent and detect errors.</p> <p>Corrective Action: Since July 2017, the State Board for Community and Technical Colleges (State Board) has been working on developing and implementing an automated process to accurately and completely upload ctcLink financial transactions into the state's accounting system, Agency Financial Reporting System (AFRS).</p> <p>As of April 2019, the State Board implemented an automated AFRS customized upload process as a result of the yearlong design and testing effort. This upload process provided the State Board the ability to extract college data, process errors and report data through June 2019 to the Office of Financial Management.</p> <p>On July 1, 2019, a newly re-designed global chart of accounts system was implemented, which has significantly improved the college system's ability to consistently track and report revenues and expenses.</p> <p>However, this implementation impacted the AFRS upload process; requiring the customization to be re-configured to work with the new chart of accounts. As of October 2019, testing of the re-configured customization was completed and was successfully deployed.</p> <p>The Board will:</p> <ul style="list-style-type: none"> <li>• Continue to fine-tune the automated upload process.</li> <li>• Provide training for college clients on the newly implemented process.</li> <li>• Continue to provide technical assistance to all colleges in their efforts to reconcile accounting records with the state accounting system.</li> </ul> <p>Completion Date: October 2019, subject to audit follow-up</p> <p>Agency Contact: John Boesenberg            Deputy Executive Director, Business Operations            PO Box 42495            Olympia, WA 98504-2495            (360) 704-4303  <a href="mailto:jboesenberg@sbctc.edu">jboesenberg@sbctc.edu</a></p>

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1024858	2018-005	<p>Finding: The general ledger balances from ctcLink did not reflect actual cash balances from the banks.</p> <p>Corrective Action: The State Board for Community and Technical College (State Board) has been working with the pilot colleges to identify and correct issues causing variances between the cash general ledger balance and the bank balances.</p> <p>As of December 2018, the State Board:</p> <ul style="list-style-type: none"> <li>• Identified and corrected an issue centered around the configuration of charges and payments affecting student accounts.</li> <li>• Modified the configuration controlling the accounting date to make reconciling transactions simpler.</li> <li>• Developed and provided training for college staff on how to reconcile the financial aid payments made on students' accounts and the expenditures related to those payments, which frequently was a cause of cash discrepancy.</li> </ul> <p>Despite these efforts, the pilot colleges continued to express concerns over the variances between their general ledger balances and bank cash balances.</p> <p>In March 2019, the State Board accounting staff and pilot colleges conducted an in-depth review of each college's cash-related transactions and bank statements over a two-month period. This review did not identify any system issue that may have caused the variances between cash in the accounting records and bank statements. Nevertheless, this process led to opportunities for training and business process alignment.</p> <p>As of July 2019, the State Board:</p> <ul style="list-style-type: none"> <li>• Set up two accounts to separately track system and manual entries processed by the pilot colleges. This will help to isolate the cause of any future variance.</li> <li>• Developed custom queries to extract financial, student and human resource data to assist colleges in their reconciliation process.</li> </ul> <p>The State Board will continue to monitor the progress and work with college staff to identify issues that cause the cash variances, and provide the appropriate technical assistance as needed.</p> <p>Completion Date: July 2019, subject to audit follow-up</p> <p>Agency Contact: John Boesenberg          Deputy Executive Director, Business Operations          PO Box 42495          Olympia, WA 98504-2495          (360) 704-4303  <a href="mailto:jboesenberg@sbctc.edu">jboesenberg@sbctc.edu</a></p>