

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES  
BUDGET & FINANCE COMMITTEE  
Educational Services Center  
Board Room – First Floor  
770 Wilshire Boulevard  
Los Angeles, CA 90017  
Wednesday, December 4, 2013  
2:00 p.m. – 3:30 p.m.**

Committee: Scott J. Svonkin; Chair; Ernest H. Moreno, Vice Chair; and Mike Eng, Member

Trustee Svonkin called the meeting to order at 2:03 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTIONS

2012-2013 Annual Financial/Bond Financial and Bond Performance Audits

A document entitled “Los Angeles Community College (LACCD) District, Budget and Finance and Audit Committee” was distributed.

Ms. Jeanette Gordon indicated that the KPMG Team and Vasquez & Company LLP are present to discuss the Annual Financial Statement, Bond Financial Statement, and the Bond Performance Audit. She stated that the Audits are in draft form and will be provided to the Committee by the end of the week. She deferred to Ms. Tracy Hensley.

Ms. Hensley discussed the annual financial audit for 2012-2013 with respect to the financial statements of the Los Angeles Community College District (LACCD); the statements of bond expenditures of Proposition A, AA, and Measure J Bond funds; and the required communications.

With respect to the repeated access control significant deficiency within the SAP system since 2007 as it relates to sharing of user accounts, extensive super user access, and informal change management processes, Trustee Svonkin requested that the detailed report with the recommendations and the findings regarding access controls be provided to the Committee.

Ms. Hensley responded that the report will be provided to the Committee.

Interim Chancellor Adriana D. Barrera and Mr. Jorge Mata assured the Committee that staff has been addressing this issue; the process was explained as to why this has been a repeated finding; and stated that there are numerous measures in place to remedy this issue which has resulted in narrowing it down to three individuals who have extensive super user access.

Interim Chancellor Barrera indicated that this issue will be corrected by next year 2014.

Trustee Svonkin requested that Interim Chancellor Barrera report back to the Committee as to when this issue will be corrected.

Ms. Jeanette Gordon indicated that the single audit and state compliance results were conducted by Vasquez & Company LLP. She deferred to Ms. Peggy McBride.

Ms. McBride distributed and discussed a document entitled "Los Angeles Community College District Presentation to the Finance and Audit Committee, December 4, 2013" with respect to the single audit and State compliance results related to Federal, State, and internal compliance regulations, dollars associated with the findings, major Federal programs tested, as well as Federal and State compliance issues to be addressed.

Ms. Hensley distributed and discussed documents entitled "Performance Audit of Los Angeles Community College District Proposition A, Proposition AA, and Measure J Bond Programs" and "Los Angeles Community College District, Budget and Finance Committee" with respect to the executive summary as it pertains to the performance audit conducted at Los Angeles Pierce College, and Los Angeles Valley College, included the expanded testing of College Program Manager (CPM). She also discussed the five summaries of observations. Ms. Erika Alvord, Director, KPMG, who performed the performance audit was introduced.

With respect to Audit Results and Recommendation 3. "Project schedule delays are not consistently supported by underlying documentation nor are they evaluated on a contemporaneous basis by the Program Manager. (High Priority)," Trustee Eng had various inquiries regarding issues related to the College Project Manager (CPM) performance.

Mr. James D. O'Reilly responded that new and complete performance standards were developed that were not in place for the life of the program that currently address inefficiencies with respect to the CPM. He continued to discuss that a multitude of indicators are in place and audits are being conducted internally on a regular basis prior to KPMG audits to address most of the issues referenced in the KMPG performance audit report.

Trustee Svonkin requested that staff provide a timeline to the Committee to address the inefficiencies noted in the audit as it pertains to the CPM.

Mr. O'Reilly stated that the current program management firm is a quality program and the overall expectations for next year's audit should show great improvement.

Trustee Moreno requested that for future audits the Request for Proposal process be reviewed closely with respect to the required qualifications being met.

- Disposition:**
- ***With respect to the repeated access control significant deficiency within the SAP system since 2007 as it relates to sharing of user accounts, extensive super user access, and informal change management processes, Trustee Svonkin requested that the detailed report with the recommendations and the findings regarding access controls be provided to the Committee.***
  - ***Interim Chancellor Adriana D. Barrera and Mr. Jorge Mata assured the Committee that staff has been addressing this issue; the process was explained as to why this has been a repeated finding; and stated that there are numerous measures in place to remedy this issue which has resulted in narrowing it down to three individuals who have extensive super user access. Interim Chancellor Barrera stated that this issue will be corrected next year in 2014.***

**Trustee Svonkin requested that Interim Chancellor Barrera report back to the Committee when this issue will be corrected.**

- **Trustee Svonkin requested that staff provide a timeline to the Committee to address the inefficiencies noted in the audit as it pertains to the CPM.**
- **Trustee Moreno requested that for future audits the Request for Proposal process be reviewed closely with respect to the required qualifications being met.**

District Budget Committee (DBC) Recommendations – Funding Request/Educational Services Center Positions (BF2 – December 11, 2013)

Trustee Svonkin indicated that this item is postponed until the next Committee meeting due to time constraints.

**Disposition:** ● **Postponed until the next Committee meeting.**

2013-2014 First Quarter Financial Status Update

Trustee Svonkin indicated that this item is postponed until the next Committee meeting due to time constraints.

**Disposition:** ● **Postponed until the next Committee meeting.**

Review of Board Action – College Debt Repayment Policy and Budget Augmentation (BF3 – December 11, 2013)

A document entitled “BF3. AMENDMENT TO COLLEGE DEBT REPAYMENT POLICY AND AUTHORIZE BUDGET AUGMENTATION TO COLLEGES THAT RECEIVE ONE-YEAR SUSPENSION OF DEBT REPAYMENTS (Draft)” was distributed.

Trustee Svonkin stated that the College Debt Repayment Policy and Budget Augmentation BF3. was reviewed and approved by the Committee at the previous meeting. He directed staff to revise the handout to reflect the Committee’s revisions as noted at the last meeting.

Ms. Gordon responded that the revisions will be made and will be presented to the full Board for approval at the December 11, 2013 Board meeting.

**Disposition:** ● **Trustee Svonkin stated that the College Debt Repayment Policy and Budget Augmentation (BF3.) was reviewed and approved by the Committee at the previous meeting. He directed staff to revise the handout to reflect the Committee’s revisions as noted at the last meeting.**

CalSTRS Update

Interim Chancellor Barrera introduced and discussed that Ms. Mary Dowell from Liebert Cassidy Whitmore firm was present to discuss the California State Teachers’ Retirement System (CalSTRS) audit of academic positions at City College of San Francisco which may be of concern to other districts. She deferred to Ms. Dowell who discussed various issues and concerns as it pertains to the CalSTRS definition of academic positions and their eligibility with CalSTRS.

Interim Chancellor Barrera suggested that this item be presented to the Legislative & Public Affairs Committee for further discussion.

Trustee Svonkin requested that staff work with the LACCD Human Resources Division to identify individuals whom this may affect in order to protect their retirement benefits and to have further discussions on options in an effort to address this issue.

**Disposition:** • ***Trustee Svonkin requested that staff work with the LACCD Human Resources Division to identify individuals whom this may affect in order to protect their retirement benefits and to have further discussions on options in an effort address this issue.***

#### FUTURE DISCUSSION/AGENDA ITEMS

Update on Overpayments  
Budget Allocation/Growth Proposal  
Update on Cost Savings from Master Agreements (Chancellor's Directive #142)  
Schedule for Districtwide Bids on Major Items  
Retirement Incentives

#### FUTURE BUDGET & FINANCE COMMITTEE MEETINGS DATES

- January 15, 2014

#### NEW BUSINESS

None.

#### SUMMARY – NEXT MEETING

None.

#### ADJOURNMENT

There being no objection, the meeting was adjourned at 3:15 p.m.