

**LOS ANGELES COMMUNITY COLLEGE DISTRICT**  
**PROPOSITIONS A, AA, AND MEASURE J BOND PROJECTS**  
**BUDGET AND EXPENDITURE**  
**MONTHLY RECONCILIATION PROCESS**

**I. PURPOSE**

The purpose of the monthly bond budget and expenditure reconciliation process is to provide the District and BuildLACCD with a systematic approach to routinely review the bond budget and expenditures. The intent is to strengthen internal controls and to provide the following benefits:

**1. Validation**

To ensure that evidence of a recorded transaction actually took place and that it occurred in accordance with the prescribed procedures.

**2. Accuracy**

To be certain that each transaction is recorded at the correct amount, in the appropriate account, in the right time period. Control tasks, which ensure that transactions are recorded and reported in the proper accounting period, are essential to accurate financial reporting.

**3. Completeness**

To ensure proper summarization of recorded transactions as well as a final check of completeness, subsidiary ledgers and journals with control accounts need to be maintained. This is because individual transactions are the source of the ultimate product; financial reports.

**II. PROCESSES**

**A. Bank Reconciliation by BuildLACCD**

**Policy:** Confirm the accuracy of the bank balances shown in the District and BuildLACCD general ledgers monthly.

**General:** Data on wire transfers and disbursement journals (Funds Disbursement Drawdowns) should be compared with the details reported on bank statements on a monthly basis. Unmatched and mismatched data are used to reconcile the book and

bank balances. The reconciliations are performed by the District Accounting staff and the BuildLACCD Accounting staff (who do not have access to cash).

**Bank reconciliations** are to be prepared by the BuildLACCD Accounts Manager and reviewed by the Senior Financial Analyst (District) on a monthly basis using an acceptable format approved by the District. Bank reconciliations and bank reconciliation journal entry sheets are due by the **15th** of the **2nd** month following the period being reconciled. For example, the July 31 bank reconciliation and journal entry sheets are due by September 15th. After the bank reconciliation and journal entry sheet are completed, a copy of the journal entry sheet (JV) should be provided to the Chief Financial Officer (CFO) or his/her designee for approval. The original bank reconciliation and journal entry sheet and any other statements or supporting documents should be attached to the Bank Reconciliation and journal entry form. The preparer and the person inputting the journal entry to the GL should sign the bank reconciliation and journal entry sheet.

The bank reconciliation journal entry sheet should be posted within five (5) days of the bank reconciliation's due date. For example, the July 31 bank reconciliation should be posted no later than September 20. The CFO (District) and the - BuildLACCD Director or his/her designated person should approve any exceptions to this policy.

The District and BuildLACCD will maintain and provide signed confirmation that the bank statements (balances) are reconciled to cash accounts and a copy of the reconciliation and written confirmation shall be filed in Docview.

## **B. Monthly Expenditure Reconciliation**

**Policy:** The District and BuildLACCD will perform a month-end reconciliation of the bond expenditures based on the last drawdown of the month.

**General:** The reconciliation shall include drawdown expenditures for the month and any checks and/or wire transfers issued by the District for bond expenditures. The District and BuildLACCD shall provide a signed confirmation on the reconciliation.

### **Monthly Bond Expenditure Reconciliation:**

1. The monthly bond reconciliation process between the District and Build-LACCD for Prop A, Prop AA, and Measure J (including Build America Bonds) starts with the monthly closing reports by the District staff:
  - a. Senior Financial Analyst (Sheri Okamoto) downloads the monthly closing files from SAP for both Company Code 1 (F0001A#####\_###.TXT) and Company Code 2 (F0002A#####\_###.TXT).
  - b. Senior Financial Analyst (Sheri Okamoto) compares the data from the monthly closing files with the drawdown integration files (from Build-

LACCD) to determine if there were any District payments made that would need to be reported to Build-LACCD.

- c. Senior Financial Analyst (Sheri Okamoto) researches and gathers backup materials for any District payments made during the target period.
- d. Senior Financial Analyst (Sheri Okamoto) adds the additional payments (“Exhibits”) to the Reconciliation Summary.
- e. Senior Financial Analyst (Sheri Okamoto) then reconciles the Reconciliation Summary (which represents what is expected in SAP) with what has actually been booked. Any differences between the Expected and actual is noted in a shaded box above “LACCD Book”.
- f. Under the “Breakdown of Difference” section of the Reconciliation Summary, Sheri enters new items that have not been previously reported to Build-LACCD.
- g. Senior Financial Analyst (Sheri Okamoto) has copies made of new exhibits for BuildLACCD Accounts Manager (Lita Oh), and emails the Monthly Reconciliation files to BuildLACCD Accounts Manager (Lita Oh). Target timeframe is 1 week or less from the closing date by the District.

2. The reconciliation then proceeds from the Build-LACCD side:

- a. BuildLACCD Accounts Manager (Lita Oh) fills in the row labeled, “Build-LACCD Book” based on her actual CostPoint figures for each location.
- b. Upon receiving the backup from Senior Financial Analyst (Sheri Okamoto) for the expenditures that were paid directly by the District:
  - i. BuildLACCD Accounts Manager (Lita Oh) reviews the backup documents, verifies them against the Reconciliation Summary Sheet, and then emails them to the appropriate College Project Manager (CPM) or other approval party to identify the project numbers and General Ledger accounts for categorization of the expenditures. (This process can be time consuming and in that event, it is added to list of outstanding reconciliation items).
  - ii. After gathering all the above information, BuildLACCD Accounts Manager (Lita Oh) prepares the journal entry to book the expenditures. Build-LACCD accounting staff then enters the journal entry into Costpoint and prints the Journal Entry Edit Report.
  - iii. BuildLACCD Accounts Manager (Lita Oh) submits the journal entries, including the backup from the District, CPM’s/other party’s approval & Costpoint report, to BuildLACCD Manager(s) (David Barilotti/Yahya Siddiqui/John Harmer) for approval.
  - iv. Once the approvers have signed off, BuildLACCD Accounts Manager (Lita Oh) posts the journal entry and forwards the documents to Document Control for scanning to Docview.

- c. Under the “Breakdown of Difference” section, BuildLACCD Accounts Manager (Lita Oh) enters items that may account for differences between the District book and Build-LACCD book. This may include:
      - i. Journal entries for unbooked items from prior years that are being booked in the current year (which the District has already booked)
      - ii. Reallocations of District-paid district-wide amounts from previous months
      - iii. District-paid items from previous months that have not yet been booked on the Build-LACCD side
      - iv. Reclassifications between locations or bonds
      - v. Other journal entries that were not included in the usual drawdown process.
      - vi. Target timeframe is 1.5 weeks after receipt of the reconciliation file from Senior Financial Analyst (Sheri Okamoto).
3. Once BuildLACCD Accounts Manager (Lita Oh) has entered all available data, any remaining differences are researched and determined between the District’s Senior Financial Analyst (Sheri Okamoto) and BuildLACCD Accounts Manager (Lita Oh).
4. When all the differences have been identified, Senior Financial Analyst (Sheri Okamoto) finalizes the Reconciliation Summary document and signs the document to indicate preparation and review. BuildLACCD Accounts Manager (Lita Oh) also signs the document to indicate preparation and review.
5. BuildLACCD Accounts Manager (Lita Oh) has the signed Reconciliation Summary scanned into Build-LACCD’s docview system and sends a pdf file to Senior Financial Analyst (Sheri Okamoto).
6. Senior Financial Analyst (Sheri Okamoto) updates the Yearly Summary with “To Date” amounts (from the amount “expected” in the system, not necessarily what is in SAP).
7. Senior Financial Analyst (Sheri Okamoto) combines the Yearly Summary with the Reconciliation Summary and sends these documents to both the District Accounting Manager (Hubert Lee) and BuildLACCD Audit Manager (David Barilotti) for review. They are given 3 days for review of the monthly reconciliation.
8. If there are no comments or revisions from the Managers (Hubert Lee and David Barilotti), Senior Financial Analyst (Sheri Okamoto) then sends out the documents:
  - a. To: Chief Financial Officer (CFO, Jeanette Gordon)

- b. Cc: Director of Budget (Vinh Nguyen), BuildLACCD Controls & Finance Group Manager (Yahya Siddiqui), District Accounting Manager (Hubert Lee), BuildLACCD Audit Manager (David Barilotti), and BuildLACCD Accounts Manager (Lita Oh)
  - c. Target deadline is thirty (30) calendar days from month-end closing.
9. CFO (Jeanette Gordon) forwards the documents as appropriate.
10. For adjustments that resulted from the reconciliation:
- a. Senior Financial Analyst (Sheri Okamoto) prepares JV's to book adjustments needed in the District books.
  - b. BuildLACCD Accounts Manager (Lita Oh) sends the items that need to be booked on the Build-LACCD side to the college CPM's to confirm and verify the project numbers and expenditures, and then books the expenditures in the Build-LACCD side.

### **C. Monthly Budget and Expenditure Report Review**

**Policy:** The intent is to ensure that all available reports accurately present the bond budget and expenditures for the period represented.

#### **Available Monthly Reports:**

- 1. Dash Board
- 2. Management Reports (1 through 7)

**General:** The Dash Board report will be generated twice a month. The first Dash Board report is to correspond to the monthly expenditure reconciliation to ensure that the expenditures at the project and college level are reconciled with the Monthly Expenditure Reconciliation. The second Dash Board Report shall be published for public during the third or fourth week of each month. The District shall review the Dash Board report monthly and file for their records.

**The Management Reports 1 through 7** – These reports are intended for the District and BuildLACCD management's use and shall be published the same date and at the same monthly cut-off date(s) of the Dash Board reports and the Monthly Expenditure reconciliation. The purpose is to ensure that the Dash Board Report and the Management Reports are validated for accuracy before publishing for public use.

**Monthly Budget and Expenditure Report Review Procedures:** The Dash Board and the Management report 1 through 7 are to be reviewed by the Accounting Manager (District – Hubert Lee) on a monthly basis with the monthly summary expenditure reconciliation provided in step B above. Any questions, comments or

clarifications required by the District Accounting Manager will be discussed and resolved with BuildLACCD Managers.

- 1.** The review shall include the confirmation of the expenditures for each college and each bond are agreed with the monthly expenditure summary reports,
- 2.** The review shall verify and report out to the CFO the projects that are overspending and/or in need of budget adjustments, and
- 3.** The review shall verify and report out any corrections and adjustments required for reconciliation purposes.