

LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
Los Angeles City College
Faculty and Staff Center
855 N. Vermont Avenue
Los Angeles, CA 90029
Wednesday, December 7, 2011
10:45 a.m. – 12:15 p.m.

Committee: Nancy Pearlman. Absent: Scott J. Svonkin, Chair (arrived at 11:01 a.m.); Steve Veres (arrived at 11:24 a.m.)

Due to the lack of a quorum, Trustee Pearlman unofficially called the meeting to order at 10:58 a.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS

State Budget Update/District Budget 2012-13

A document entitled "State Budget Update/District Budget Planning for 2012-13, Finance and Audit Committee, December 7, 2011" was distributed.

(Trustee Svonkin arrived at 11:01 a.m.)

Ms. Jeanette Gordon discussed the document with respect to the Fiscal Outlook; Impact to the California Community Colleges; What Do We Know?; District Strategies to Responding to the State Budget Cut; 2012-13 Budget Development Projected Fund Available, Unrestricted General Fund; Financial Forecast for Fiscal Year 2011-12 to 2012-13, 2013-14 Unrestricted General Fund; Budget Planning Issues for 2012-13; and November Tax Initiatives.

Mr. Vinh Nguyen distributed and discussed a document entitled "LACCD 2011-12, First Quarter Report Status, College Enrollment Planning and Reduction Plan Status" with respect to the Five Percent Reduction/Savings Target, College Reduction Plan Status, Savings Not Achieved, and Use of Balance.

Trustee Svonkin expressed his concern that three of the colleges have not achieved the five percent savings target.

Ms. Gordon responded that it is early in the year and the three colleges' expect to have unforeseen savings in the second and third quarter.

Disposition

Trustee Svonkin discussed the document with respect to the three colleges' 2011-12 Projected Ending Balance deficits; He requested that this be revisited mid-year to discuss why the deficits exist and develop a plan to address the deficits.

(Trustee Veres arrived at 11:24 a.m.)

Ms. Gordon responded that staff is working on a realignment of the allocation model and there is a possibility that they are not distributing the funds appropriately to the smaller colleges.

Annual Financial Audit/Bond Financial Audit Update

A document entitled "(LACCD) Presentation to the Finance and Audit Committee and Board of Trustees, December 7, 2011" was distributed.

Mr. Mark Tillotson and Mr. Mark Thomas summarized the document with respect to the District Financial Statement Audit Findings Noted to Date regarding Capital Assets and General Obligation Bond Program and Employee Benefits.

Trustee Svonkin inquired if KPMG submitted a Form 700 to the LACCD.

Mr. Tillotson responded in the negative and indicated that they are independent auditors.

Ms. Camille Goulet responded that she would report to the Committee in writing explaining consultant provisions with respect to the Fair Political Practices Commission Regulations.

Mr. Gilbert Vasquez introduced Ms. Peggy McBride and Mr. Elmer Pascual from Vasquez & Company LLP. He deferred to Ms. McBride.

Ms. McBride distributed and discussed a document entitled "LACCD Presentation to the Finance and Audit Committee, December 7, 2011" as it relates to the following Single Audit and State Compliance Results: Focus on Compliance and Internal Controls, Perspective, Findings, Dollars Associated with Findings, Major Federal Programs Tested, Compliance Issues to be Addressed, Federal Internal Control and Compliance Findings by Program, and Concluding Comments.

Disposition

Trustee Svonkin requested that for future Committee presentations, the Bond Financial Audit and the LACCD Financial Audit handouts are to be separate documents.

Trustee Svonkin requested that staff report to the Committee on a regular basis regarding the status of recurring findings with respect to a corrective plan and timeline.

With respect to the Compliance Issues to Be Addressed: Incomplete policies and procedures relating to the implementation of the Jobs for Veterans Act – New (11-09), Trustee Svonkin requested that staff address this issue with a corrective plan.

Trustee Svonkin expressed his desire to work with the Chancellor and Internal Audit to address all of the findings and implement a process to track more serious issues and report back to the Committee within 30 days in order to prevent the same findings from recurring year-after-year.

Chancellor LaVista requested that 60 days be the timeline to report back to the Committee due to the holidays.

Trustee Svonkin agreed.

There being no objection, the Finance and Audit Committee meeting recessed at 12:34 p.m.

The Finance and Audit Committee meeting reconvened at 5:35 p.m.

Follow-up on Internal Audit Quarterly Update

A document entitled "LACCD Internal Audit Department (IAD) Community Services Program (CSP) Update of Prior Audits Findings, Summary Report" was distributed.

A question and answer session was conducted with respect to employees being over-compensated and possible methods to recover the funds.

Trustee Svonkin expressed his concern that individuals have not been held accountable and responsible for the same chronic issues being repeated year after year.

With respect to over compensation regarding payroll payments, Chancellor LaVista responded that staff will report to the Committee why this happened, what is being done to prevent it, and how it will be fixed after the spring semester.

Buying Green (Continued)

Trustee Svonkin inquired as to the status of the LACCD Green Policy recommendation.

Dr. Barrera responded that the Green Policy statement will be presented to the Committee in January 2012 for further discussion.

Dr. Barrera indicated that the Committee members were provided with a summary of current photocopy paper purchases by colleges.

Buying Local (Continued)

No discussion.

Disposition

Trustee Svonkin requested that staff present a policy that encourages buying local/buying green and a proposed framework to the Committee in January 2012.

Dr. Barrera responded that in the meantime, Mr. James Watson and she are working on a status report on how much business LACCD is already doing locally.

Trustee Svonkin requested that staff provide a master list of all the audit findings, KPMG's audit recommendations to the Committee, and that the Bond audit be revisited in January 2012 for further discussion.

Miscellaneous

None.

NEW BUSINESS

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 6:06 p.m.