

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
Educational Services Center
Board Room – First Floor
770 Wilshire Boulevard
Los Angeles, CA 90017
Wednesday, July 11, 2012
11:30 a.m. – 1:00 p.m.**

Committee: Scott J. Svonkin, Chair; and Steve Veres. Absent: Nancy Pearlman (arrived at 11:36 a.m.).

Trustee Svonkin called the meeting to order at 11:35 a.m.

(Trustee Pearlman arrived at 11:36 a.m.)

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS

Budget Update

A document entitled “FY 13 Budget Update, Finance & Audit Committee, July 11, 2012” was distributed.

Chancellor LaVista indicated that the Budget Task Force Committee is comprised of Presidents, union leadership, the District Academic Senate, and senior staff. He deferred to Ms. Jeanette Gordon.

Ms. Gordon gave an update of the State enacted budget as of June 27, 2012 with respect to the impact of the Governor’s State budget proposal on the Los Angeles Community College District (LACCD) related to the budget forecast scenarios for Fiscal Years 2011-12, 2012-13, and 2013-14, Unrestricted General Fund.

Ms. Gordon distributed and discussed a document entitled “Analysis of Projected FY13 Budget Gap.” She indicated that if the tax Initiative fails in November, this analysis explains the projected Fiscal Year 2013 budget gap.

Chancellor LaVista indicated that the Budget Task Force, the Vice Presidents of Administration, and the District Budget Committee will continue to have internal discussions with respect to expenditure reduction and revenue generation to address the budget gap.

Ms. Gordon indicated that staff will present the final budget to the Committee on August 8, 2012.

Trustee Svonkin commended Chancellor LaVista and staff for their continued efforts in closing the budget gap.

Disposition: None.

Internal Audit Quarterly Report

Mr. Arnold Blanshard distributed and discussed a document entitled “Los Angeles Community College District, Internal Audit Department, Finance and Audit Committee, 2011-2012 Second Quarter Report July 11, 2012.” He discussed Completed Assignments for Fiscal Year 2011/2012 which includes area audits, special requests, special investigations “Whistle Blower Hotline,” and the corrective action plans review.

With respect to the special investigation “Whistle Blower Hotline”, Trustee Svonkin inquired as to why the details of these investigations were not disclosed.

Mr. Blanshard responded that in order to protect the privacy of the whistle blower, the details of the investigation are reported directly to the Chancellor.

Ms. Camille Goulet explained the premise of the Whistle Blower Hotline system with respect to the confidentiality of the source.

Trustee Svonkin indicated that in order to prevent future incidents from recurring, the Committee should be informed of the specifics of the reported incident to establish the proper policy to correct the reported issues.

Chancellor LaVista concurred with Trustee Svonkin and indicated that further discussion will be held to address this issue.

There was a discussion regarding corrective action plans with respect to the role of the Internal Audit Department related to recommendations made to the College Presidents, sharing lesson learned from previous incidents, and training to prevent recurring issues.

Trustee Svonkin requested a copy of the audit reports for the LACCD auxiliary organizations and a copy of their annual audit.

Ms. Gordon indicated that the LACCD auxiliary organization audit reports are forwarded to the State.

- Disposition:**
- ***As it pertains to the Whistle Blower Hotline special investigations, Trustee Svonkin indicated that in order to prevent future incidents from recurring, the Committee should be informed of the specifics of the reported incident to establish the proper policy to correct the reported issues.***
 - ***Trustee Svonkin requested a copy of the audit reports for the LACCD auxiliary organizations and a copy of their annual audit.***

Asset Management Project Update

Ms. Danielle Lyons, Build—LACCD, distributed and discussed a document entitled “Asset Management: Finance and Audit Committee Update” with respect to the implementation of the asset inventory database progress.

There was discussion regarding personnel turnover related to training new employees in order to keep the inventory and assets management accurate.

Legal Fees

Withdrawn.

Disposition: None.

FOLLOW-UP ON PRIOR AGENDA ITEMS/INQUIRES

Overpayments

A document entitled “LACCD Overpayment Analysis, Period of Analysis 7/1/2005 to 12/31/11” was distributed.

Ms. Gordon discussed the document with respect to the action plan to stop current and future overpayments.

With respect to the “action plan in place to stop current and future overpayments,” Trustee Svonkin requested that staff approach the Committee with any requests in order to facilitate the proposed process to decrease future overpayments.

Disposition: *With respect to the “action plan in place to stop current and future overpayments,” Trustee Svonkin requested that staff approach the Committee with any requests in order to facilitate the proposed process to decrease future overpayments.*

Expenditures/Staffing Data

Disposition: *Not discussed.*

FUTURE DISCUSSION ITEMS

Efficiency Audit
Retirement Incentives
Policy Framework for Naming Buildings
Revenue Enhancement Strategies

FUTURE FINANCE AND AUDIT COMMITTEE MEETING DATES

None.

NEW BUSINESS

None.

SUMMARY – NEXT MEETING

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 12:53 p.m.