

**LOS ANGELES COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES  
MINUTES – BUDGET & FINANCE COMMITTEE  
Educational Services Center  
Board Room – First Floor  
770 Wilshire Boulevard  
Los Angeles, CA 90017  
Wednesday, November 30, 2016  
10:30 a.m. – 12:00 p.m.**

Committee: Ernest H. Moreno, Chair; Mike Fong, Vice Chair; Andra Hoffman, Member

Trustee Moreno called the meeting to order at 10:33 a.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

There being no objection, Trustee Moreno took out of order the Bond Performance Audit.

Bond Performance Audit

Documents entitled “Performance Audit of the Los Angeles Community College District Proposition A, Proposition AA, and Measure J Bond Programs” and “KPMG, Los Angeles Community College District Finance and Audit Committee, November 30, 2016” were distributed.

Ms. Jeanette L. Gordon, Chief Financial Officer/Treasurer, indicated that the KPMG Team and Vasquez & Company LLP were present to discuss the Annual Financial Audit and the Bond Financial Audit. She introduced Ms. Tracy Hensley, Engagement Partner, KPMG LLP.

Ms. Hensley discussed various components with respect to the results of the Performance Audits for Propositions A, AA, and Measure J Bond Programs regarding the following five key program areas evaluated: strategy, organization, and administration; cost and financial management; procurement management; project controls and risk management; and schedule management.

Trustee Moreno expressed his concern that the Performance Audits do not track the over-expenditures of construction projects.

A question and answer session was conducted regarding the presentation.

Annual Financial and Bond Financial Audits (BF3 and BF4)

The following documents were distributed:

- Los Angeles Community College District Proposition A Bond Construction Program
- Los Angeles Community College District Proposition AA Bond Construction Program
- Los Angeles Community College District Proposition Measure J Bond Construction Program
- KPMG, Los Angeles Community College District Audit and Finance Committee, November 30, 2016
- Los Angeles Community College District Basic Financial Statements, June 30, 2016 and 2015
- Vasquez & Company LLP, Presentation to the Finance and Audit Committee, November 30, 2016

Ms. Hensley discussed Propositions A, AA, and Measure J with respect to the statement of expenditures of Bond proceeds for year ended June 30, 2016 and the unaudited supplementary schedules.

A question and answer session was conducted regarding the presentation.

Trustee Moreno expressed his concern that although the audits in the past have validated that procedures/policies have been followed there has been considerable evidence of issues associated with the Bond construction program.

Ms. Hensley responded that her firm was hired after this time period when issues were brought to the attention of the Board regarding the construction program. She noted for the record that KPMG audits are conducted after the processes have transpired under Proposition 39 guidelines. She stated that her firm can audit any areas of concern at the request of the Board/staff.

Ms. Hensley introduced Ms. Brianna Wiese, Engagement Senior Manager and Mr. Keith Pew, Engagement Manager, KPMG. She continued to discuss the financial statements with respect to the basic financial statements for years ended June 30, 2016 and 2015, results of the audits, areas of audit emphasis, and required communications.

A question and answer session was conducted regarding the presentation.

Ms. Peggy McBride, CPA, from Vasquez & Company LLP, discussed a document entitled "Los Angeles Community College District (LACCD) Presentation to the Finance and Audit Committee, November 30, 2016" as it relates to the following Single Audit and State Compliance Results: Focus on Compliance and Internal Controls, Total Federal and State Expenditures, Scope of the Audit, Perspective, and Compliance Issues to be Addressed.

A question and answer session was conducted regarding the presentation.

Motion by Trustee Hoffman, seconded by Trustee Fong, to accept receipt of General Obligation Bond Financial Audit and the Program Performance Audit for Fiscal Year 2015-2016 for Propositions A, AA, and Measure J Programs.

*APPROVED: 3 Ayes*

#### Use of Contingency Reserve

A document entitled "Com. No. BF5 Authorize Use of \$2,338,031 From Contingency Reserve to Augment College Budgets" was distributed.

Ms. Gordon indicated that this proposal authorizes augmentation of the budgets of those colleges that were able to hire above their requirement in order for the District to meet its Fall 2016 Full Time Faculty Obligation (FON).

Motion by Trustee Hoffman, seconded by Trustee Fong, to approve Com. BF5. Authorize Use of \$2,338,031 from the Contingency Reserve in order to Augment College Budgets.

*APPROVED: 3 Ayes*

#### Expenditure Data Costs Per FTES

A document entitled "Los Angeles Community College District Unrestricted General Fund, 2014-2015 Cost per FTES" was distributed.

Trustee Moreno expressed his concern with respect to various issues regarding the increases of Cost per FTES (Full-time Equivalent Students).

A question and answer session was conducted regarding the FTES data and recruitment efforts to increase enrollment.

## FUTURE DISCUSSION/AGENDA ITEMS

Trustee Moreno indicated that certain Board members have recommended that all nine colleges make a presentation to the Committee as to their plans on addressing their enrollment deficits. He stated that it is too late for this year and recommended that this be a topic for discussion for 2017.

## FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- January 25, 2017

## NEW BUSINESS

None.

## SUMMARY – NEXT MEETING

None.

## ADJOURNMENT

There being no objection, the meeting was adjourned at 12:33 p.m.