I. Roll Call

II. Public Speakers*

III. Reports/Recommendations/Action
   A. Enrollment Update
   B. Internal Audit Quarterly Update
   C. AB19 Funding
   D. California Promise Grant Funding
   E. College and District Websites – Common Architecture and Platform Design

IV. Future Discussion/Agenda Items

V. Future Budget and Finance Meeting Dates
   • October 16, 2018

VI. New Business

VII. Adjournment

*Members of the public are allotted three minutes time to address the agenda issues.
If requested, the agenda shall be made available in appropriate alternate formats to persons with a disability, as required by Section 202 of the American with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, for whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting. To make such a request, please contact the Executive Secretary to the Board of Trustees at 213/891-2044 no later than 12 p.m. (noon) on the Tuesday prior to the Committee meeting.
A. Enrollment Update
Enrollment Update
Budget and Finance Committee
September 26, 2018

Fall 2018 Enrollment (Exhibit A)

As of Day 21 of the Fall semester, comparing Fall 2018 (9/17/18) to Fall 2017 (9/18/17):

- **Headcount** is 4% lower,
- **Duplicated Enrollment** is 3% lower,
- **Credit Section Count** is 3% lower, and
- **Enrollment per Section** is unchanged

An updated report will be provided at the meeting.
## FALL 2018: Credit Enrollment Comparison

**Day 21**

### Census day for Fall 2018 (WSCH) is September 10

### Day relative to beginning of instruction

**Monday, September 17, 2018**

**Monday, September 18, 2017**

<table>
<thead>
<tr>
<th>HEADCOUNT</th>
<th>City</th>
<th>East</th>
<th>Harbor</th>
<th>Mission</th>
<th>Pierce</th>
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<tbody>
<tr>
<td>Fall 2018</td>
<td>15,270</td>
<td>26,871</td>
<td>9,117</td>
<td>10,453</td>
<td>18,812</td>
<td>5,959</td>
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<td>Fall 2017</td>
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<td>99%</td>
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<td>65,730</td>
<td>23,294</td>
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<td>24,806</td>
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<td>94%</td>
<td>99%</td>
<td>99%</td>
<td>98%</td>
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<td>2018 % of 2017</td>
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<td>91%</td>
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<td>100%</td>
<td>101%</td>
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<td>97%</td>
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<td>97%</td>
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<tr>
<th>Enrollment divided by Section</th>
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<tbody>
<tr>
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<td>Fall 2017</td>
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<td>28.7</td>
<td>32.3</td>
<td>29.0</td>
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<td>2018 % of 2017</td>
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<td>103%</td>
<td>99%</td>
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<td>107%</td>
<td>96%</td>
<td>101%</td>
<td>108%</td>
<td>88%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: LACCD Student Information System, PS_CLASS_TBL, PS_STDNT_ENRL tables.

*Enrollment and Section count: Includes Credit PA, WSCH, DSCH, Ind Study, and Work Exp. Excludes Non-Credit Adult Ed and Non-Credit Tutoring. 2017 Section count reflects the information as of the end of the term (instead of the relative day listed above).

**Enrollment registration for Fall 2017 started approximately 4 weeks later comparing to registration for Fall 2018. Open enrollment registration for Fall 2017 started 6/26/17, whereas it was 5/29/18 for Fall 2018.**
B. Internal Audit Quarterly Update
A. Completed Audits:
   a. Bookstore
      i. Summary of Findings Report
      ii. Executive Summary Reports:
          - East Los Angeles City College
          - Los Angeles Mission College
          - Los Angeles Southwest College
          - Los Angeles Valley College
          - West Los Angeles College
      iii. Bookstore Audit Summary of Findings all nine colleges

B. Audit Schedule/Plan for Fiscal Year 2018-19

C. Reference:
   i. Audit Findings Ratings Matrix
   ii. Audit Report Ratings Matrix

D. Audit In Progress
   i. Educational Service Center – Plant Facilities
INTERNAL AUDIT DEPARTMENT (IAD)
Bookstore Audits Summary Report

September 26, 2018

<table>
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<tr>
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<th>East</th>
<th>Mission</th>
<th>Southwest</th>
<th>Valley</th>
<th>West</th>
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<td>1 **</td>
<td>3 **</td>
<td>2 **</td>
<td>2 **</td>
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Overall Audit Rating
- Needs Improvement
- Impaired

** One of the Moderate finding was not counted to ascertain the overall audit rating as the control environment is located in the LACCD Education Service Center (ESC) Accounting Department.

SUMMARY OF COMMON FINDINGS:

1. The validity and proper execution of refunds could not be examined as refunds were not properly documented and could not be matched with the original sales.

2. The College inventory as noted in WinPRISM does not match the external inventory counts which depicts that inventory in the system is not accurately recorded and is understated.

3. The College Bookstore textbook buyback program is performed by third party contractor without a valid contract or service agreement detailing terms and conditions.

4. The College Bookstore does not maintain an updated internal operation written policies and procedures manual for some pertinent areas such as cash management, procurement of retail and merchandise, pricing, internal asset tracking and safeguarding, Refund, and record keeping.

5. The Bookstore accounting process does not maintain adequate supporting documents to ascertain the reconciliation performed to reach the numbers noted on the Bookstore Activity reports. IAD performed a detail examination on the financial data and noted several variances. These variances were forwarded to the Accounting Department which they (AD) cleared however the documents to substantiate these adjustments were not readily available. Additionally, IAD noted that the AD rely on the documents forwarded by the Business office without performing the test of control to rely on the data submitted. Please note that this finding was not counted for in the total audit rating as the control environment is located in the LACCD Accounting Department.
Audit: East Los Angeles College – Bookstore Audit

From: Arnold Blanshard, CPA/MBACRMA, Director, Internal Audit

Audit Report Date: April 30, 2018

Audit Period: July 1, 2016 through June 30, 2017.

<table>
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<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
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<td>Moderate</td>
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<td>06</td>
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</table>

Overall risk program needs improvement. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal control indicate a high probability that the District/college will incur material financial loss, significant regulatory criticism, fines, sanctions or reputation damage. Controls require extensive improvement to ensure timely detection and correction of risk exposures. Key policies are not in place or sufficiently documented, communicated and/or followed. Executive management attention is necessary to address the control weaknesses noted.

** One of the Moderate finding was not counted to ascertain the overall audit rating as the control environment is located in the LACCD Education Service Center (ESC) Accounting Department.

Background

East Los Angeles College (ELAC) Bookstore is a local college store serving the students, faculty and staff of ELAC with pride. The primary goal is to ensure students are able to obtain the course materials they need at reasonable prices. The ELAC Bookstore also provides many other items to support academic careers and school spirit. An online sales platform is also available on the ELAC Bookstore website. Faculty, staff and students are able to purchase textbooks, gear, supplies, software and gifts through both purchasing avenues. Other items sold in the store for student and faculty convenience include confections, beverages, reference materials, and general academic supplies/electronics.

The Bookstore has implemented WinPRISM enterprise resource planning software for daily operations including, but not limited to, inventory, sales, purchases, shipping, receiving, etc. Financial information captured in WinPRISM is relayed to the College Bookstore each business day to complete the financial accounting and reporting process. Reports of Bookstore activity are sent to the District Accounting Department weekly for recording in SAP and the financial statements.
All information relating to the bookstore inventory is entered in the WinPRISM software utilized at the campus and the current inventory data is analyzed to determine the quantity of textbooks to order for the upcoming semester. The ELAC Bookstore utilizes Nebraska Book Company (NBC) for textbook inventory at wholesale. Inventory is continually generated from instructor textbook requests to be used during each semester/term. NBC allows the Bookstore to return unsold textbook inventory within a given period.

Additional inventory is stocked for supplies, college apparel and other miscellaneous. The Bookstore selects vendors for these general merchandise items based on representatives that visit the location, assess store stock needs, and offer a competitive quote. Merchandise vendors for beverages, confections and caps and gowns usually allow the Bookstore to return items for spoilage or surplus inventory.

ELAC Bookstore management is responsible for performing annually inventory counts and to take the necessary steps to identify obsolete and/or the changes in the valuation of inventory for proper accounting and reporting.

The ELAC Bookstore employs seven fulltime employees. During the rush period, which occurs at the start of each semester, additional employees are hired to assist the bookstore with meeting the overall needs of the students. In fiscal year 2016/2017 the Combined Bookstore Operating Statement reported ELAC Bookstore sales in the amount of $5,471,718 with a net profit of $432,162.00.

**PURPOSE/OBJECTIVES**

The objectives of this audit are:

- The operations are conducted in accordance with established policies and procedures as mandated by the Los Angeles Community College Board rules, Administrative regulations and internal operational procedures.
- Internal controls within the daily operational cashiering/sales activities of the bookstore department are adequate to mitigate potential risks.
- The current policies and procedures are adequate in running effective and efficient operations for bookstore inventory.
- To ensure that purchases are properly accounted for as inventory
- Cost of goods sold are properly recorded.
- Validate the accuracy of the Financial Statement.

**SCOPE**

The scope of this audit included a review of processes and procedures of Athletics for the period July 1, 2016 through June 30, 2017. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Bookstore and perform an examination of the records associated with the operation.
This audit was conducted in accordance with Generally Accepted Government Auditing Standards, General Accepted Auditing Standards, and the International Standards for the Professional Practice of Internal

**Major Issues Identified:**

**A. Walkthrough:**

1. **Non-compliance to LACCD policies and procedures:** The ELAC Bookstore textbook buyback program is performed by a third party contractor without a contract or service agreement detailing terms and conditions. This equates to an error rate of 100%. *(Impact: High)*

2. **Non-compliance to LACCD policies and procedures:** Refunds could not be validated or examined as refunds were not properly documented and could not be matched with the original sales. This equates to an error rate of 100%. *(Impact: Considerable)*

3. **Non-compliance to LACCD policies and procedures:** There is a lack of safeguarding of the cash as no log is maintained for accessing the safe which housed the money tills and change fund. This equates to an error rate of 100%. *(Impact: Moderate)*

**B. Policy and Procedures**

1. **Non-compliance with LACCD policies and procedures:** The ELAC Bookstore does not maintain an UPDATED internal operation written policies and procedures manual for some pertinent areas such as cash management, procurement of retail and merchandise, pricing, internal asset tracking and safeguarding, and record keeping. *(Impact: Moderate)*

**C. Inventory**

1. **Non-Compliance to LACCD Policies and Procedures:** ELAC Bookstore Inventory Book Count does not match the external vendor inventory counts performed in June 2017. This equates to an error rate of 25%. *(Impact: Moderate)*

**D. Financial Statements**

1. **Non-Compliance with LACCD Policies and Procedures:** The Bookstore accounting process does not maintain adequate supporting documents to ascertain the reconciliation performed to reach the numbers noted on the Bookstore Activity reports. IAD performed a detail examination on the financial data and noted several variances. These variances were forwarded to the Accounting Department which they (AD) cleared however the documents to substantiate these adjustments were not readily available. Additionally, IAD noted that the AD rely on the documents forwarded by the Business office without performing the test of control to rely on the data submitted. *(Impact: Moderate)*
Action Plans and Completion Dates:

A. **Walkthrough:**
   1. College Store Managers will develop a Short Term Agreement (STA) that can be used to document contract terms and conditions between College Stores and Buyback wholesalers. *(Implementation date: 06/30/2018)*
   2. Refunds are only performed by classified staff and managers per WinPrism settings on a designated register. As of 1/24/18, the original receipt number is recorded and printed on refund transaction receipt via the “global note” screen. This procedure will be included in the policy and procedure manual for the bookstore. *(Implementation date: 06/30/2018)*
   3. A procedure to log all activity regarding the safe was implemented as of 4/23/18. Instructions/training was given to all bookstore employees with access to this area. Although the safe is located in an area that can only be accessed with a card reader (data is retrievable) and where a surveillance camera exists, management has complied with the recommendation by implementing the new procedure. This procedure will be included in a policy and procedure manual for the bookstore. Procedure will be implemented in Policy and Procedure Manual. *(Implementation date: 06/30/2018)*

B. **Policy and Procedures**
   1. The policies and procedures manual for the ELAC bookstore will be updated to incorporate the policies and procedures form the LACCD bookstore manual. A draft is currently being developed by the District’s bookstore managers group. *(Implementation date: 06/30/2018)*

C. **Inventory**
   1. The bookstore will establish procedures and have them updated in Bookstore’s Policy and Procedure manual that is in development by Bookstore Managers, will provide training for all staff involved. *(Implementation date: 06/30/2018)*

D. **Financial Statements**
   Currently, the Accounting Department performs monthly cash and credit card reconciliations, in addition to an annual review and reconciliation of all the bookstore accounts in order to assure the accuracy of the financial statements. The department then provides a report on fund balance and store performance. The report highlights areas that may be of concern including levels of inventory, receivables, cash balances, purchases, etc.

   In light of the Internal Audit recommendation, the Accounting Department will implement a second level of reconciliation using data provided directly from WinPrism. The second-level review will be performed as a further control to assure the accuracy of the information provided by the Colleges to the Accounting
Department. The Accounting Department will work with the Colleges to implement the corrective action plan below:

1. The Accounting Department will require the College Business Offices (CFAs) to include Win Prism activity report print outs and any other document used in the report preparation as part of the collections report submission. District Accounting will then independently reconcile the documentation submitted by the CFAs against WinPrism report, to further assure the accuracy of the information. (Implementation Date: April 30, 2018)

2. The Accounting Department will provide cross training to all staff members. We believe this will create the needed knowledge transfer within the department and provide continuity in cases of staff changes. (Implementation Date: May 1, 2018)

3. The current vacant bookstore accountant position will be staffed. That position will work with the College Bookstore Managers and CFAs to reconcile the WinPrism reports to Collections reports submitted by the College’s as a second layer of reconciliation. The position will also perform the Accounting functions (under Supervision of the Senior Accountant) in implementing the WinPrism-SAP interface project. (Implementation Date: May 31, 2018)

4. At the end of each fiscal year, the Accounting Department will provide a summary reconciliation of all accrual transactions posted as part of the year end closing process. (Implementation Date: July 31, 2018)

5. The College Bookstore Managers in coordination with ESC resources (IT, Accounting etc) will fully implement WinPrism in order for it to communicate live with SAP (the District’s ERP software). The goal is to eliminate any manual posting entries that could possible create the possibility of posting errors. The Accounting side of this project will primarily be executed by the Bookstore Accountant under the Supervision of the Senior Accountant. (Implementation Date: June 30, 2019)
Los Angeles Community Colleges District

Signatures:

Marvin Martinez, President

Date: 5/10/18

Myeshia Armstrong, Vice President of Administrative Services

Date: 5/10/18

Cc:
Francisco C. Rodriguez, Chancellor
Finance and Audit Committee, LACCD Board of Trustees
Dr. Jeffrey Prieto, General Counsel
Jeanette Gordon, Chief Financial Officer/Treasurer

Audit Team:
Arnold Blanshard, CPA/MBA/CRMA, Director, Internal Audit
Keyna Crenshaw, MBA, Senior Auditor
LaSchanda Johnson, MBA, Auditor
Audit: Los Angeles Mission – Bookstore Audit

From: Arnold Blanshard, CPA/CRMA/MBA, Director, Internal Audit

Audit Report Date: April 30, 2018

Audit Period: July 1, 2016 through June 30, 2017

<table>
<thead>
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<th>Number of Issues by Impact</th>
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<td></td>
<td>Marginal</td>
</tr>
<tr>
<td></td>
<td>Total Issues</td>
</tr>
</tbody>
</table>

Overall risk program is not acceptable. Multiple “high” or “considerable” rated findings were identified. Control deficiencies place the District/college at an imminent risk of material financial loss, significant regulatory criticism, fines, sanctions or significant reputation damage. Controls require extensive improvement to ensure timely detection and correction of risk exposures. Key policies are not in place or are not sufficiently documented, communicated and/or followed. Immediate Executive management attention is required to implement corrective action, including formalizing and communicating risk management procedures.

** The Moderate finding was not counted to ascertain the overall-audit rating as the control environment is located in the LACCD Education Service Center (ESC) Accounting Department.

BACKGROUND

The Los Angeles Mission College (LAMC) bookstore is a college enterprise that provides various goods and services to LAMC students. The Bookstore staff are responsible for maintaining the aesthetics of the store, customer service, ordering books, receiving and stocking the books that will be used by the Students and Instructors for classes. The primary goal of the Bookstore is to provide excellent customer service to the students and to ensure students are able to obtain the course materials students in a timely manner and at reasonable prices. The Bookstore strives to remain competitive in the book sales market. The LAMC Bookstore also provides many other items to support academic programs and extracurricular activities. An online sales platform is also available on the LAMC Bookstore website. Faculty, staff and students are able to purchase textbooks, gear, supplies, software and gifts through both purchasing avenues. Other items sold in the store for student
and faculty convenience include confections, beverages, reference materials, and general academic supplies/electronics.

The Bookstore has implemented WinPRISM enterprise resource planning software for daily operations including, but not limited to, inventory, sales, purchases, shipping, receiving, etc. Financial information captured in WinPRISM is relayed to the College Bookstore each business day to complete the financial accounting and reporting process. Reports of Bookstore activity are sent to the District Accounting Department weekly for recording in SAP and the financial statements.

All information relating to the bookstore inventory is entered in the WinPRISM software utilized at the campus and the current inventory data is analyzed to determine the quantity of textbooks to order for the upcoming semester. The LAMC Bookstore utilizes Nebraska Book Company (NBC) for textbook inventory at wholesale. Inventory is continually generated from instructor textbook requests to be used during each semester/term. NBC allows the Bookstore to return unsold textbook inventory within a given period.

Additional inventory is stocked for supplies, college apparel and other miscellaneous. The Bookstore selects vendors for these general merchandise items based on current trends/ and or recommendations by representatives that visit the location, assessment store stock needs (based on sales numbers), and offer a competitive quote. Merchandise vendors for beverages, confections and caps and gowns usually allow the Bookstore to return items for spoilage or surplus inventory.

LAMC Bookstore management is responsible for performing annually inventory counts and to take the necessary steps to identify obsolete and/or the changes in the valuation of inventory for proper accounting and reporting. MSI Inventory Company assists the bookstore with a year-end inventory at the end of the fiscal year that are in turn used to generate the District Financials.

The LAMC Bookstore employs three fulltime employees. During the rush period, which occurs at the start of each semester, additional employees are hired to assist the bookstore with meeting the overall needs of the students. In fiscal year 2016/2017 the Combined Bookstore Operating Statement reported LAMC Bookstore sales in the amount of $1,812,164 with a net profit of $74,000.

**PURPOSE/OBJECTIVES**

The objectives of this audit are to provide management with reasonable, but not absolute, assurance that the Bookstore:

- Operations are conducted in accordance with established policies and procedures as mandated by the Los Angeles Community College Board rules, Administrative regulations and internal operational procedures,
- Internal controls within the daily operational cashiering/sales activities are adequate to mitigate potential risks,
- Current policies and procedures are adequate in running effective and efficient operations for bookstore inventory,
- Purchases are properly accounted for as inventory,
- Cost of goods sold are properly recorded, and
- Financial Statement is accurate and presented in accordance with generally accepted accounting principles.
SCOPE
The scope of the audit will include the review of processes and procedures of the LAMC Bookstore activities for the period **July 1, 2016 to June 30, 2017**. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the LAMC Bookstore and performed an examination of the records associated with its operations.

*This audit was conducted in accordance with Generally Accepted Government Auditing Standards, General Accepted Auditing Standards, and the International Standards for the Professional Practice of Internal Auditing.*

I. Major Issues Identified:

A. Walkthrough:

1. **Non-compliance with LACCD Policies and Procedures:** The LAMC Bookstore textbook buyback program is performed by a third party contractor without a valid contract or service agreement detailing terms and conditions. *(Impact: High)*

2. **Non-compliance to LACCD policies and procedures:** IAD noted that there was no process in place to ensure that refunds could be traced back to original sales. *(Impact: High)*

3. **Non-compliance to LACCD policies and procedures:** Lack of segregation of duties as the Buyer and Bookstore Manager are also performing cashiering duties and stock control duties. *(Impact: High)*

B. Inventory

1. **Non-compliance with LACCD Policies and Procedures:** The College inventory as-noted in WinPrism does not match the external inventory counts which suggests that inventory in the system is not accurately recorded which resulted in inventory being understated. *(Impact: High)*

C. Financial

1. **Non-compliance with LACCD Policies and Procedures:** The Bookstore accounting process does not maintain adequate supporting documents to ascertain the reconciliation performed to reach the numbers noted on the Bookstore Activity reports. IAD performed a detail examination on the financial data and noted several variances. These variances were forwarded to the Accounting Department which they (AD) cleared however the documents to substantiate these adjustments were not readily available. Additionally, IAD noted that the
AD rely on the documents forwarded by the Business office without performing the test of control to rely on the data submitted. (Impact: Moderate)

Please note that this finding was not counted for in the total audit rating as the control environment is located in the LACCD Education Service Center Accounting Department.

II. Action Plans and Completion Dates:

A. Walkthrough
The College Store Liaison, Managers and District Office are currently putting together the MOU for all 9 college stores. (Implementation Date: December 31, 2018)

1. A Policy and Procedure will be written and added to the LACC Bookstore Policy Procedure Manual. The procedure of writing the original receipt number on the store copy of the refund has already been implemented. As added future security I will be working with our software provider to automate this procedure. (Implementation Date: December 31, 2018)

2. Need to hire a second buyer, backfill the cashier who is on maternity leave and also backfill the stock control assistant who is on FMLA. (Implementation Date: December 31, 2018)

3. Both the CFA and Administration are aware of our staffing issues. To-date I do not see expeditious follow-up from personnel commission. (Implementation Date: December 31, 2018)

4. Training is in discussion with the CFA and staff. (Implementation Date: December 31, 2018).

5. Acknowledgement document will be drafted and finalized by manager. (Implementation Date: December 31, 2018)

6. Employee accountability clause will be incorporated in our policies and procedures manual. (Implementation Date: December 31, 2018)

B. Inventory

1. To-date we have been interviewing for both cashier and stock control assistant. (Implementation Date: December 31, 2018)

2. Manager working with all 9 managers to update our internal procedure. (Implementation Date: December 31, 2018)

3. The procedure is in review and will be added to our policies and procedures manual. (Implementation Date: December 31, 2018)

4. Currently back logged due to short staff issues. (Implementation Date: December 31, 2018)

5. Procedure in place will update manual. (Implementation Date: December 31, 2018)

6. Responsibility of the entire store staff conduct accurate inventory counts for final reports. (Implementation Date: December 31, 2018)
7. This could only happened if we are able to catch everything. (Implementation Date: December 31, 2018)

C. Financial

Currently, the Accounting Department performs monthly cash and credit card reconciliations, in addition to an annual review and reconciliation of all the bookstore accounts in order to assure the accuracy of the financial statements. The department then provides a report on fund balance and store performance. The report highlights areas that may be of concern including levels of inventory, receivables, cash balances, purchases, etc.

In light of the Internal Audit recommendation, the Accounting Department will implement a second level of reconciliation using data provided directly from WinPrism. The second level review will be performed as a further control to assure the accuracy of the information provided by the Colleges to the Accounting Department. The Accounting Department will work with the Colleges to implement the corrective action plan below:

1. The Accounting Department will require the College Business Offices (CFAs) to include WinPrism activity report print outs and any other document used in the report preparation as part of the collections report submission. District Accounting will then independently reconcile the documentation submitted by the CFAs against WinPrism report, to further assure the accuracy of the information. (Implementation Date: April 30, 2018)

2. The Accounting Department will provide cross training to all staff members. We believe this will create the needed knowledge transfer within the department and provide continuity in cases of staff changes. (Implementation Date: May 1, 2018)

3. The current vacant bookstore accountant position will be staffed. That position will work with the College Bookstore Managers and CFAs to reconcile the WinPrism reports to Collections reports submitted by the College’s as a second layer of reconciliation. The position will also perform the Accounting functions (under Supervision of the Senior Accountant) in implementing the WinPrism-SAP interface project. (Implementation Date: May 31, 2018)

4. At the end of each fiscal year, the Accounting Department will provide a summary reconciliation of all accrual transactions posted as part of the year end closing process. (Implementation Date: July 31, 2018)

5. The College Bookstore Managers in coordination with ESC resources (IT, Accounting etc).will fully implement WinPrism in order for it to communicate live with SAP (the District’s ERP software). The goal is to eliminate any manual posting entries that could possible create the possibility of posting errors. The Accounting side of this project will primarily be executed by the Bookstore Accountant under the Supervision of the Senior Accountant. (Implementation Date: June 30, 2019)
Signatures:

Dr. Monte Perez, President

Date: 5/20/18

Mr. Daniel Villanueva, Vice President of Administrative Services

Date: 5/30/18

Cc:
Francisco C. Rodriguez, Chancellor
Budget and Finance Committee, LACCD Board of Trustees
Jeffrey Prieto, General Counsel
Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/MBA/CRMA, Director, Internal Audit
Keyna Crenshaw, MBA, Senior Auditor
Marioan Carranza, MBA,CIA/CFE, Auditor

M-13-1718

Page 6 of 6
Audit: Los Angeles Southwest College – Bookstore Audit

From: Arnold Blanshard, CPA/CRMA/MBA, Director, Internal Audit

Audit Report Date: April 30, 2018

Audit Period: July 1, 2016 through June 30, 2017

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Overall risk program is not acceptable. Multiple “high” or “considerable” rated findings were identified. Control deficiencies place the District/college at an imminent risk of material financial loss, significant regulatory criticism, fines, sanctions or significant reputation damage. Controls require extensive improvement to ensure timely detection and correction of risk exposures. Key policies are not in place or are not sufficiently documented, communicated and/or followed. Immediate Executive management attention is required to implement corrective action, including formalizing and communicating risk management procedures.

** One of the Moderate finding was not counted to ascertain the overall audit rating as the control environment is located in the LACCD Education Service Center (ESC) Accounting Department.

Background

The Los Angeles Southwest College (LASC) Bookstore is a local college store serving the students, faculty and staff of LASC with pride. The primary goal is to ensure students are able to obtain the course materials they need at reasonable prices. The LASC Bookstore also provides many other items to support academic careers and school spirit. An online sales platform is also available on the LASC Bookstore website. Faculty, staff and students are able to purchase textbooks, gear, supplies, software and gifts through both purchasing avenues. Other items sold in the store for student and faculty convenience include confections, beverages, reference materials, and general academic supplies/electronics.
The Bookstore has implemented WinPRISM enterprise resource planning software for daily operations including, but not limited to, inventory, sales, purchases, shipping, receiving, etc. Financial information captured in WinPRISM is relayed to the College Bookstore each business day to complete the financial accounting and reporting process. Reports of Bookstore activity are sent to the District Accounting Department weekly for recording in SAP and the financial statements.

All information relating to the bookstore inventory is entered in the WinPRISM software utilized at the campus and the current inventory data is analyzed to determine the quantity of textbooks to order for the upcoming semester. The LASC Bookstore utilizes Nebraska Book Company (NBC) for textbook inventory at wholesale. Inventory is continually generated from instructor textbook requests to be used during each semester/term. NBC allows the Bookstore to return unsold textbook inventory within a given period.

Additional inventory is stocked for supplies, college apparel and other miscellaneous. The Bookstore selects vendors for these general merchandise items based on representatives that visit the location, assess store stock needs, and offer a competitive quote. Merchandise vendors for beverages, confections and caps and gowns usually allow the Bookstore to return items for spoilage or surplus inventory.

LASC Bookstore management is responsible for performing annually inventory counts and to take the necessary steps to identify obsolete and/or the changes in the valuation of inventory for proper accounting and reporting.

The LASC Bookstore employs three fulltime employees. During the rush period, which occurs at the start of each semester, additional employees are hired to assist the bookstore with meeting the overall needs of the students. In fiscal year 2016/2017 the Combined Bookstore Operating Statement reported LASC Bookstore sales in the amount of $1,437,085 with a net profit of $255,001.00.

PURPOSE/OBJECTIVES

The objectives of this audit are to provide management with reasonable, but not absolute, assurance that the Bookstore:

- Operations are conducted in accordance with established policies and procedures as mandated by the Los Angeles Community College Board rules, Administrative regulations and internal operational procedures,
- Internal controls within the daily operational cashiering/sales activities are adequate to mitigate potential risks,
- Current policies and procedures are adequate in running effective and efficient operations for bookstore inventory,
- Purchases are properly accounted for as inventory,
- Cost of goods sold are properly recorded, and
- Financial Statement is accurate and presented in accordance with generally accepted accounting principles.

SCOPE

S-12-1718
Los Angeles Community Colleges District

The scope of the audit will include the review of processes and procedures of the LASC Bookstore activities for the period July 1, 2016 to June 30, 2017. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the LASC Bookstore and performed an examination of the records associated with its operations.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards, General Accepted Auditing Standards, and the International Standards for the Professional Practice of Internal Auditing.

I. Major Issues Identified:

A. Walkthrough:

1. **Non-Compliance to LACCD policies and procedures**: The LASC Bookstore book buyback program is performed by a third party contractor without a valid contract or service agreement detailing terms and conditions. *(Impact: High)*

2. **Non-Compliance to LACCD policies and procedures**: There are control deficiencies at the LASC Bookstore that adversely affect the safeguarding of assets. The following deficiencies were noted during the audit period: a) Cashiers do not conduct blind counts for deposit collections, b) Deposit collection amounts are not verified by a secondary Bookstore employee, and c) Till counts are not properly documented. *(Impact: Considerable)*

3. **Non-Compliance to LACCD policies and procedures**: The LASC Bookstore does not maintain an updated internal operation written policies and procedures manual for some pertinent areas such as cash management, procurement of retail and merchandise, pricing, internal asset tracking and safeguarding, and record keeping. *(Impact: Moderate)*

B. Cashiering

1. **Non-Compliance to LACCD policies and procedures**: The validity and proper execution of refunds could not be examined as refunds were not properly documented and could not be matched with the original sales. This equates to a 100% error rate with a dollar error of $3,068.32 as sampled. *(Impact: High)*

2. **Non-Compliance to LACCD policies and procedures**: The LASC Bookstore has check deposit variances between the amounts recorded as deposit collections and WinPRISM sales reports for six (6) of the 10 sales dates examined. This equate to a variance error rate of: 60% (6 of 10 sales dates); check dollar error range $93.74 - $995.67 as sampled. The total amount was deposited to the bank. This was an omission of data on the cashier daily sales report. *(Impact: Moderate)*

C. Inventory

1. **Non-Compliance to LACCD policies and procedures**: LASC Bookstore inventory as noted in WinPrism does not match the external inventory counts. This depicts that inventory in the system is not accurately recorded which resulted in inventory being understated. This equates to a 97% (33 of 34) error rate with the inventory variance ranging from -315 to 58 textbooks per title. *(Impact: High)*
D. Financial

1. Non-compliance to LACCD policies and procedures: The Bookstore accounting process does not maintain adequate supporting documents to ascertain the reconciliation performed to reach the numbers noted on the Bookstore Activity reports. IAD performed a detail examination on the financial data and noted several variances. These variances were forwarded to the Accounting Department which they (AD) cleared however the documents to substantiate these adjustments were not readily available. Additionally, IAD noted that the AD rely on the documents forwarded by the Business office without performing the test of control to rely on the data submitted. (Impact: Moderate)

Please note that this finding was not counted for in the total audit rating as the control environment is located in the LACCD Accounting Department.

II. Action Plans and Completion Dates:

A. Walkthrough

1. The College Store will work in collaboration with other LACCD College Stores and District Procurement office to determine the appropriate structure/methodology for a 3rd party contractor to provide Book Buyback program using college facilities. LASC will address these matters as an ongoing operational matter as part of the LACCD College Store Managers Group monthly meeting. (Implementation Date: June 30, 2018)

2. LASC College Store Cashiers are currently conducting blind counts for deposit collections. College Store Supervisor always observes the end of day Deposit collections. College Store Supervisor initializes end of day deposit collections effective March 2018. The Safe Room Cashier verifies the end of day deposit collections. Till counts are verified as returned to the safe by the Safe Room Cashier. (Implementation Date: March 12, 2018)


Complete Training on all LASC College Store Policy and Procedures documented in the manual.

LASC College Store Management will obtain receipt from staff acknowledging the completion of training.

Conduct an ongoing validation of policies and procedures to validate that the contents of the manual are up to date and reflective of actual activities within the current control environment of the LASC College Store.

An accountability clause will be added to the policies and procedures. (Implementation Date: August 31, 2018)

B. Cashiering
Los Angeles Community Colleges District

1. College Store will retain the original receipt for single refunds and will reprint and initialize all items returned or exchanged. This will be attached the refund transaction and filed with the transactions supporting the deposit for daily collection. A dedicated register will be used exclusively for refunds during the RUSH period for each new semester. Refunds will be controlled with an override by a permanent staff person authorized for a selected time period. WinPrism securities will be established preventing provisional staff from transacting unauthorized refunds. New software Prism360 will provide an indicator that a transaction has already been refunded from an original transaction. (Implementation Date: Completed on April 30, 2018)

2. College Store does not accept personal checks. The College will process all third party checks consistently. The LA County Vocational Rehabilitation Checks are third party checks. (Implementation Date: Completed on April 30, 2018)

C. Inventory

1. The College Store is not able to respond to this assessment with accuracy. We are still investigating the manual tally by the internal auditors. We are assessing buy back purchases, the period accounting of returns and the accounting treatment of rentals. The College Store will close the store for a time-period sufficient to conduct a full training of the inventory module for all impacted staff once the new POS system is installed and operational. (Implementation Date: August 31, 2018)

D. Financial Statement

Currently, the Accounting Department performs monthly cash and credit card reconciliations, in addition to an annual review and reconciliation of all the bookstore accounts in order to assure the accuracy of the financial statements. The department then provides a report on fund balance and store performance. The report highlights areas that may be of concern including levels of inventory, receivables, cash balances, purchases, etc.

In light of the Internal Audit recommendation, the Accounting Department will implement a second level of reconciliation using data provided directly from WinPrism. The second level review will be performed as a further control to assure the accuracy of the information provided by the Colleges to the Accounting Department. The Accounting Department will work with the Colleges to implement the corrective action plan below:

1. The Accounting Department will require the College Business Offices (CFAs) to include Win Prism activity report print outs and any other document used in the report preparation as part of the collections report submission. District Accounting will then independently reconcile the documentation submitted by the CFAs against WinPrism report, to further assure the accuracy of the information. (Implementation Date: April 30, 2018)

2. The Accounting Department will provide cross training to all staff members. We believe this will create the needed knowledge transfer within the department and provide continuity in cases of staff changes. (Implementation Date: May 1, 2018)
2. The Accounting Department will provide cross training to all staff members. We believe this will create the needed knowledge transfer within the department and provide continuity in cases of staff changes. (Implementation Date: May 1, 2018)

3. The current vacant bookstore accountant position will be staffed. That position will work with the College Bookstore Managers and CFAs to reconcile the WinPrism reports to Collections reports submitted by the College's as a second layer of reconciliation. The position will also perform the Accounting functions (under Supervision of the Senior Accountant) in implementing the WinPrism-SAP interface project. (Implementation Date: May 31, 2018)

4. At the end of each fiscal year, the Accounting Department will provide a summary reconciliation of all accrual transactions posted as part of the year end closing process. (Implementation Date: July 31, 2018)

5. The College Bookstore Managers in coordination with ESC resources (IT, Accounting etc) will fully implement WinPrism in order for it to communicate live with SAP (the District's ERP software). The goal is to eliminate any manual posting entries that could possible create the possibility of posting errors. The Accounting side of this project will primarily be executed by the Bookstore Accountant under the Supervision of the Senior Accountant. (Implementation Deadline: June 30, 2019)

Signatures:

Dr. Denise Noldon, Interim President

Mr. Daniel Hall, Vice President of Administrative Services

Cc:
Francisco C. Rodriguez, Chancellor
Budget and Finance Committee, LACCD Board of Trustees
Jeffrey Prieto, General Counsel
Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/CRMA/MBA, Director, Internal Audit
Keyna Crenshaw, MBA, Senior Auditor
Paige Jean, MBA, Assistant Auditor
Audit: Los Angeles Valley College – Bookstore Audit

From: Arnold Blanshard, CPA/CRMA/MBA, Director, Internal Audit

Audit Report Date: June 30, 2018
Audit Period: July 1, 2016 to June 30, 2017

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Overall risk program is not acceptable. Multiple “high” or “considerable” rated findings were identified. Control deficiencies place the District/college at an imminent risk of material financial loss, significant regulatory criticism, fines, sanctions or significant reputation damage. Controls require extensive improvement to ensure timely detection and correction of risk exposures. Key policies are not in place or are not sufficiently documented, communicated and/or followed. Immediate Executive management attention is required to implement corrective action, including formalizing and communicating risk management procedures.

** One Moderate finding was not counted to ascertain the overall audit rating as the control environment is located in the LACCD Education Service Center (ESC) Accounting Department.

BACKGROUND:

The Los Angeles Valley College (LAVC) Bookstore is a local college store serving the students, faculty and staff of LAVC with pride. The primary goal is to ensure students are able to obtain the course materials they need at reasonable prices. The LAVC has two stores on Campus Lion
Los Angeles Community Colleges District

Cafe which sells candy, snacks, and hot and cold beverages and the main bookstore for textbooks, clothing, supplies and limited confections. Bookstore also provides many other items to support academic careers and school spirit. An online sales platform is also available on the LAVC Bookstore website. Faculty, staff and students are able to purchase many items through both purchasing avenues.

The Bookstore has implemented WinPRISM enterprise resource planning software for daily operations including, but not limited to, inventory, sales, purchases, shipping, receiving, etc. Financial information captured in WinPRISM is relayed to the College Bookstore each business day to complete the financial accounting and reporting process. Reports of Bookstore activity are sent to the District Accounting Department weekly for recording in SAP and the financial statements.

All information relating to the bookstore inventory is entered in the WinPRISM software utilized at the campus and the current inventory data is analyzed to determine the quantity of textbooks to order for the upcoming semester. The LAVC Bookstore utilizes Nebraska Book Company (NBC) for textbook inventory at wholesale. Inventory is continually generated from instructor textbook requests to be used during each semester/term. NBC allows the Bookstore to return unsold textbook inventory within a given period.

Additional inventory is stocked for supplies, college apparel and other miscellaneous. The Bookstore selects vendors for these general merchandise items based on representatives that visit the location, assess store stock needs, and offer a competitive quote. Merchandise vendors for beverages, confections and caps and gowns usually allow the Bookstore to return items for spoilage or surplus inventory.

LAVC Bookstore management is responsible for performing annually inventory counts and to take the necessary steps to identify obsolete and/or the changes in the valuation of inventory for proper accounting and reporting.

The LAVC Bookstore employs eleven fulltime employees. During the rush period, which occurs at the start of each semester, additional employees are hired to assist the bookstore with meeting the overall needs of the students. In fiscal year 2016/2017 the Combined Bookstore Operating Statement reported LAVC Bookstore sales in the amount of $3,304,849.00 with a net profit of $258,965.00.

PURPOSE/OBJECTIVE

The objectives of this audit are:

- The operations are conducted in accordance with established policies and procedures as mandated by Los Angeles Community College Board rules, administrative regulations, and internal operational procedures.
- Assets are adequately safeguarded against loss from unauthorized use or disposition.
Los Angeles Community Colleges District

- Transactions are executed in accordance with the required department and college authorizations and recorded properly.
- Internal controls within the daily operational activities of the Bookstore are adequate to mitigate potential risks.
- The current policies and procedures are adequate in running an effective and efficient association.
- Financial Statement is accurate and presented in accordance with generally accepted accounting principles.

SCOPE

The scope of the audit will include the review of processes and procedures that include all Bookstore activities for the period **July 1, 2016 to June 30, 2017**. The Internal Audit Department (IAD) will interview key employees charged with the responsibility of executing the objectives of the program and performed an examination of the records associated with the operation of the program.

_This audit was conducted in accordance with Generally Accepted Government Auditing Standards, General Accepted Auditing Standards, and the International Standards for the Professional Practice of Internal Auditing._

MAJOR ISSUES IDENTIFIED:

A. Walkthrough

1. **Non-Compliance LACCD policies and procedures**: The LAVC Bookstore textbook buyback program is performed by a third party-contractor without a contract. **(Impact: High)**

2. **Non-Compliance with LACCD policies and procedures**: The validity and proper execution of refunds could not be examined as refunds were not properly documented and could not be matched with the original sales. This equates to a 100% error rate. **(Impact: High)**

3. **Non-Compliance with LACCD policies and procedures**: The College Bookstore does not maintain an updated internal operations written policies and procedures for the book buy backs. **(Impact: Moderate)**

B. Inventory
Los Angeles Community Colleges District

1. **Non-compliance with LACCD policies and procedures:** LAVC Bookstore inventory as noted in WinPrism does not match the external inventory counts. This depicts that inventory in the system is not accurately recorded which resulted in inventory being understated and/or overstated. This equates to a 67.7% (21 of 31) error rate with the inventory variance ranging from -96 to 26 textbooks per title.  

*(Impact: High)*

C. **Financial Statements**

1. **Non-compliance with LACCD policies and procedures:** The Bookstore accounting process does not maintain adequate supporting documents to ascertain the reconciliation performed to reach the numbers noted on the Bookstore Activity reports. IAD performed a detail examination on the financial data and noted several variances. These variances were forwarded to the Accounting Department which they (AD) cleared however the documents to substantiate these adjustments were not readily available. Additionally, IAD noted that the AD relies on the documents forwarded by the Business office without performing the test of control to rely on the data submitted. *(Impact: Moderate)*  

*Please note that this finding was not counted for in the total audit rating as the control environment is located in the LACCD Accounting Department.*

**MANAGEMENT ACTION PLANS AND COMPLETION DATES:**

A. **Walkthrough**

1. The Vice President of Administrative Services Liaison for the District College Stores is working on a formal agreement which will be executed for both Nebraska Book Company and Missouri Book Company that manages the buyback programs for the stores. The party responsible will be the Vice President of Administrative Service WLAC. *(Implementation Date: by June 30, 2018)*

2. a. The College Stores’ current POS system does not permit the same item to be refunded twice on the same receipt.

   b. The College Store has started documenting the original purchase receipt number on the return receipt which is maintained for record keeping. This will also be included in The College Stores policy and procedure manual.

   c. The College Store will restrict approval of refunds to our most senior cashier, College Store Manager and /or buyer. The party responsible will be the College Store Manager. *(Implementation Date: October 31, 2018)*

3. a. The College Store Manager has created a working draft of the book buyback polices which will be included in The College Stores’ policy and procedure manual.

   b. The College Store Manager will provide training for the staff on the processes and procedures for buy back and ensure there is acknowledgement and documentation,
Los Angeles Community Colleges District

The party responsible will be the College Store Manager. \textit{(Implementation Date: December 1, 2018)}

B. \textbf{Inventory}

1. a. The College Store Manager and staff will perform spot checks and quarterly inventory to match against WinPrism.

b. The District College Store Managers are working on updating policies and procedures for inventory to be included in the operating manual.

c. The College Store will provide inventory training for all staff and provide necessary documentation. The party responsible will be the College Store Manager. \textit{(Implementation Date: October 1, 2018)}

C. \textbf{Financial Statements}

Currently, the Accounting Department performs monthly cash and credit card reconciliations, in addition to an annual review and reconciliation of all the bookstore accounts in order to assure the accuracy of the financial statements. The department then provides a report on fund balance and store performance. The report highlights areas that may be of concern including levels of inventory, receivables, cash balances, purchases, etc.

In light of the Internal Audit recommendation, the Accounting Department will implement a second level of reconciliation using data provided directly from WinPrism. The second level review will be performed as a further control to assure the accuracy of the information provided by the Colleges to the Accounting Department. The Accounting Department will work with the Colleges to implement the corrective action plan below:

1. The Accounting Department will require the College Business Offices (CFAs) to include Win Prism activity report print outs and any other document used in the report preparation as part of the collections report submission. District Accounting will then independently reconcile the documentation submitted by the CFAs against WinPrism report, to further assure the accuracy of the information. \textit{(Implementation Deadline: 04/30/2018)}

2. The Accounting Department will provide cross training to all staff members. We believe this will create the needed knowledge transfer within the department and
Los Angeles Community Colleges District

provide continuity in cases of staff changes. (*Implementation Date: Begin May 1, 2018*) (will be on-going)

3. The current vacant bookstore accountant position will be staffed. That position will work with the College Bookstore Managers and CFAs to reconcile the WinPrism reports to Collections reports submitted by the College’s as a second layer of reconciliation. The position will also perform the Accounting functions (under Supervision of the Senior Accountant) in implementing the WinPrism-SAP interface project. (*Implementation Deadline: 05/31/2018*)

4. At the end of each fiscal year, the Accounting Department will provide a summary reconciliation of all accrual transactions posted as part of the year end closing process. (*Implementation Deadline: 07/31/2018*)

5. The College Bookstore Managers in coordination with ESC resources (IT, Accounting etc.) will fully implement WinPrism in order for it to communicate live with SAP (the District’s ERP software). The goal is to eliminate any manual posting entries that could possible create the possibility of posting errors. The Accounting side of this project will primarily be executed by the Bookstore Accountant under the Supervision of the Senior Accountant. (*Implementation Deadline: 06/30/2019*)
Los Angeles Community Colleges District

Signatures:

Dr. Erika Endrijonas, President

Date: 7/17/18

Michael Lee, Vice President of Administrative Services

Date: JUL 17 2018

Cc:
Francisco C. Rodriguez, Chancellor
Budget and Finance Committee, LACCD Board of Trustees
Jeffrey Prieto, General Counsel
Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/MBA, Director, Internal Audit
Keyna Crenshaw, MBA, Senior Auditor
Chris Musella, Auditor
Paige Jean, MPA, Assistant Auditor
Audit: West Los Angeles College – Bookstore Audit

From: Arnold Blanshard, CPA/MBA/CRMA, Director, Internal Audit

Audit Report Date: July 31, 2018

Audit Period: July 1, 2016 through June 30, 2017.

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Overall risk program has some notable weaknesses. A “considerable” rated or numerous “moderate” rated findings were identified. Control weaknesses were identified, which require corrective action in the near term to avoid significant financial loss, regulatory criticism or negative publicity. Risk management processes are not formalized and documented in all instances and are not clearly understood or followed consistently. Senior management attention is required to ensure corrective action is implemented and adhered.

** One of the moderate finding was not counted to ascertain the overall audit rating as the control environment is located in the LACCD Education Service Center (ESC) Accounting Department.

BACKGROUND

The West Los Angeles College (WLAC) Bookstore is a local college store serving the students, faculty and staff of WLAC with pride. The primary goal is to ensure students are able to obtain the course materials they need at reasonable prices. The WLAC has two stores on Campus PAWS which sales Confections, Beverages, and supplies and the main bookstore for textbooks, clothing, supplies and limited confections. Bookstore also provides many other items to support academic careers and school spirit. An online sales platform is also available on the WLAC Bookstore website. Faculty, staff and students are able to purchase the many items through both purchasing avenues.
The Bookstore has implemented WinPRISM enterprise resource planning software for daily operations including, but not limited to, inventory, sales, purchases, shipping, receiving, etc. Financial information captured in WinPRISM is relayed to the College Bookstore each business day to complete the financial accounting and reporting process. Reports of Bookstore activity are sent to the District Accounting Department weekly for recording in SAP and the financial statements.

All information relating to the bookstore inventory is entered in the WinPRISM software utilized at the campus and the current inventory data is analyzed to determine the quantity of textbooks to order for the upcoming semester. The WLAC Bookstore utilizes Nebraska Book Company (NBC) for textbook inventory at wholesale. Inventory is continually generated from instructor textbook requests to be used during each semester/term. NBC allows the Bookstore to return unsold textbook inventory within a given period.

Additional inventory is stocked for supplies, college apparel and other miscellaneous. The Bookstore selects vendors for these general merchandise items based on representatives that visit the location, assess store stock needs, and offer a competitive quote. Merchandise vendors for beverages, confections and caps and gowns usually allow the Bookstore to return items for spoilage or surplus inventory.

WLAC Bookstore management is responsible for performing annually inventory counts and to take the necessary steps to identify obsolete and/or the changes in the valuation of inventory for proper accounting and reporting.

The WLAC Bookstore employs five fulltime employees. During the rush period, which occurs at the start of each semester, additional employees are hired to assist the bookstore with meeting the overall needs of the students. In fiscal year 2016/2017 the Combined Bookstore Operating Statement reported WLAC Bookstore sales in the amount of $1,665,082.00 with a net profit of $76,033.00.

PURPOSE/OBJECTIVES

The objectives of this audit are:
- The operations are conducted in accordance with established policies and procedures as mandated by the Los Angeles Community College Board rules, Administrative regulations and internal operational procedures.
- Internal controls within the daily operational cashiering/sales activities of the bookstore department are adequate to mitigate potential risks.
- The current policies and procedures are adequate in running effective and efficient operations for bookstore inventory.
- To ensure that purchases are properly accounted for as inventory
- Cost of goods sold are properly recorded.
- Validate the accuracy of the Financial Statement.
SCOPE

The scope of this audit included a review of processes and procedures of Athletics for the period July 1, 2016 through June 30, 2017. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Bookstore and perform an examination of the records associated with the operation.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards, General Accepted Auditing Standards, and the International Standards for the Professional Practice of Internal Auditing.

I. Major Issues Identified:

A. Walkthrough:

1. **Non-compliance to LACCD policies and procedures**: The Bookstore is involved in the Book Buy Back Process of a third party vendor: A) The third party vendor mails check to bookstore for purchasing books from students This equates to a 100% error rate. *(Impact: High)*

2. **Non-compliance to LACCD policies and procedures**: There is a lack of safeguarding of the cash as no log is maintained for accessing the safe which housed the money tills and change fund. This equates to a 100% error rate. *(Impact: High)*

3. **Non-compliance to LACCD policies and procedures** The WLAC Bookstore does not maintain an updated internal operation written policies and procedures for the following pertinent areas: Cash Management Control, Inventory Control Procedures, Pricing Routines (i.e. Markdowns), Procurement of retail Merchandise, and Follow up process and the preparation of the Bookstore. This equates to a 100% error rate. *(Impact: High)*

4. **Non-Compliance to LACCD policies and procedures and Industry Best Practices**: The Program Assistant does not count their money till prior to the start of shift nor at the end of the shift. The money is counted by a classified cashier in the absence of the program assistant. This equates to a 100% error rate. *(Impact: High)*

5. **Non-Compliance with LACCD Policies and Procedures**: Armor Trucks delivers cash to the bookstore and not the business office for: A) Change Fund and B) Book Buy Back this equates to a 100% error rate. *(Impact: Considerable)*

B. **Inventory**
1. **Non-compliance with LACCD policies and procedures**: WLAC Bookstore Inventory Book Count does not match the external vendor inventory counts performed in June 2017. This equates to a 100% error rate (*Impact: High*)

**C. Financial**

1. **Non-compliance to LACCD policies and procedures**: The Bookstore accounting process does not maintain adequate supporting documents to ascertain the reconciliation performed to reach the numbers noted on the Bookstore Activity reports. IAD performed a detail examination on the financial data and noted several variances. These variances were forwarded to the Accounting Department which they (AD) cleared however the documents to substantiate these adjustments were not readily available. Additionally, IAD noted that the AD rely on the documents forwarded by the Business office without performing the test of control to rely on the data submitted. (*Impact: Moderate*)

*Please note that this finding was not counted for in the total audit rating as the control environment is located in the LACCD ESC Accounting Department.*

**II. Action Plans and Completion Dates:**

**A. Walkthrough:**

1. The Bookstore has updated an existing, but unsigned agreement to reflect current buyback procedures, liabilities, and responsibilities of each party in the book buyback process. The document has been produced for each of the two vendors used in this process and forwarded to all nine (9) of the campuses for their ratification. The Manual of Operations has been updated to reflect existing procedures. (*Implementation Date: June 30, 2018*)

2. The Bookstore has updated an existing, but unsigned agreement to reflect current buyback procedures, liabilities, and responsibilities of each party in the book buyback process. The document has been produced for each of the two vendors used in this process and forwarded to all nine (9) of the campuses for their ratification. The Manual of Operations has been updated to reflect existing procedures. *Implementation Date: December 30, 2018.*

3. The Bookstore instituted a safe log which is now in use along with its other existing methods of safeguarding cash. The log has been included in the Manual of Operations. *Implementation Date: January 30, 2019.*

4. The Bookstore has improved its existing Manual of Operations to reflect completed policies, procedures, versus those are in draft stages and still under review. The Manual has been circulated and “published” on a shared drive to ensure access to staff in the Bookstore and Business Office. Updates to the Manual are now reviewed monthly at Managers meetings and a concordance developed that cross references bookstore procedures with those of the Business Office. *Implementation Date: June 30, 2018.*
5. The Bookstore has absorbed the additional costs of keeping staff in place to count the till at the start and end of every shift. The counts are documented and signed by both the cashier and supervisor, or lead cashier and program assistant. Where necessary, the Bookstore Supervisor is pulled from their normal duties to assist in this task. An evaluation of the efficacy of this requirement in light of the additional costs and workflow will be examined at mid-year. 

*Implementation Date: August 30, 2018.*

6. The Bookstore is in discussion with the Business Office regarding the most cost effective means of assigning Business Office staff to this process in addition to the multi-step process they currently use to ensure accurate and safe delivery of cash, which was found to be inadequate. The two offices will engage in a workflow re-engineering meeting as soon as practical after fiscal closing and the fall rush period. 

*Implementation Date: December 30, 2018.*

**B. Inventory**

1. The Bookstore is in process of adjusting its inventory methodology to reflect greater transparency in accounting for book rentals, late returns and other “exceptions” to the current inventory count to make reconciliation easier to understand by those other than district accounting and the external audit firm. 

*Implementation Date: December 30, 2018.*

**C. Financial Statement**

Currently, the Accounting Department performs monthly cash and credit card reconciliations, in addition to an annual review and reconciliation of all the bookstore accounts in order to assure the accuracy of the financial statements. The department then provides a report on fund balance and store performance. The report highlights areas that may be of concern including levels of inventory, receivables, cash balances, purchases, etc.

In light of the Internal Audit recommendation, the Accounting Department will implement a second level of reconciliation using data provided directly from WinPrism. The second level review will be performed as a further control to assure the accuracy of the information provided by the Colleges to the Accounting Department. The Accounting Department will work with the Colleges to implement the corrective action plan below:

1. The Accounting Department will require the College Business Offices (CFAs) to include Win Prism activity report print outs and any other document used in the report preparation as part of the collections report submission. District Accounting will then independently reconcile the documentation submitted by the CFAs against WinPrism report, to further assure the accuracy of the information. 

*Implementation Deadline: 04/30/2018*

2. The Accounting Department will provide cross training to all staff members. We believe this will create the needed knowledge transfer within the department and provide continuity in cases of staff changes. 

*Implementation Date: Begin May 1, 2018 (will be ongoing)*
3. The current vacant bookstore accountant position will be staffed. That position will work with the College Bookstore Managers and CFAs to reconcile the WinPrism reports to Collections reports submitted by the College’s as a second layer of reconciliation. The position will also perform the Accounting functions (under Supervision of the Senior Accountant) in implementing the WinPrism-SAP interface project. **Implementation Deadline: 05/31/2018**

4. At the end of each fiscal year, the Accounting Department will provide a summary reconciliation of all accrual transactions posted as part of the year end closing process. **Implementation Deadline: 07/31/2018**

5. The College Bookstore Managers in coordination with ESC resources (IT, Accounting etc.) will fully implement WinPrism in order for it to communicate live with SAP (the District’s ERP software). The goal is to eliminate any manual posting entries that could possible create the possibility of posting errors. The Accounting side of this project will primarily be executed by the Bookstore Accountant under the Supervision of the Senior Accountant. **Implementation Deadline: 06/30/2019.**
Los Angeles Community Colleges District

Signatures:

Dr. James M. Limaugh, President

[Signature]

Ms. Iris Ingram, Vice President of Administrative Services

[Signature]

Date: 8-13-18

Date: 8/13/18

Cc:
Budget and Audit Committee, LACCD Board of Trustees
Dr. Francisco C. Rodriguez, Chancellor
Mr. Jeffrey Prieto, General Counsel
Ms. Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/MBA/CRMA, Director, Internal Audit
Keyna Crenshaw, MBA, Senior Auditor
LaSchanda Johnson, MBA, Auditor
### Internal Audit Department (IAD) Bookstore Audit Summary of Findings All Nine College

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>East</th>
<th>Harbor</th>
<th>Mission</th>
<th>Pierce</th>
<th>Southwest</th>
<th>Trade</th>
<th>Valley</th>
<th>West</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Considerable</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Moderate</td>
<td>1 **</td>
<td>4 **</td>
<td>2 **</td>
<td>1 **</td>
<td>2 **</td>
<td>3 **</td>
<td>2 **</td>
<td>2 **</td>
<td>2 **</td>
</tr>
<tr>
<td>Marginal</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>7</td>
<td>6</td>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

**Overall Audit Rating**
- Needs Improvement
- Needs Improvement
- Impaired
- Impaired
- Impaired
- Impaired
- Impaired
- Impaired
- Impaired

**Notes:**
- **One** of the Moderate finding was not counted to ascertain the overall audit rating as the control environment is located in the LACCD Education Service Center (ESC) Accounting Department.

### Summary of Common Findings:

1. The validity and proper execution of refunds could not be examined as refunds were not properly documented and could not be matched with the original sales.

2. The College inventory as noted in WinPRISM does not match the external inventory counts which depicts that inventory in the system is not accurately recorded and is understated.

3. The College Bookstore textbook buyback program is performed by third party contractor without a valid contract or service agreement detailing terms and conditions.

4. The College Bookstore does not maintain an updated internal operation written policies and procedures manual for some pertinent areas such as cash management, procurement of retail and merchandise, pricing, internal asset tracking and safeguarding, Refund, and record keeping.

5. The Bookstore accounting process does not maintain adequate supporting documents to ascertain the reconciliation performed to reach the numbers noted on the Bookstore Activity reports. IAD performed a detail examination on the financial data and noted several variances. These variances were forwarded to the Accounting Department which they (AD) cleared however the documents to substantiate these adjustments were not readily available. Additionally, IAD noted that the AD rely on the documents forwarded by the Business office without performing the test of control to rely on the data submitted. **Please note that this finding was not counted for in the total audit rating as the control environment is located in the LACCD Accounting Department.**
<table>
<thead>
<tr>
<th>Audit Area</th>
<th>Location</th>
<th>Budgeted Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Whistle Blower Hotline Investigation</td>
<td>Districtwide</td>
<td>300</td>
</tr>
<tr>
<td>2 CAP Review External Financial Audit</td>
<td>Districtwide</td>
<td>160</td>
</tr>
<tr>
<td>3 Special Request</td>
<td>Districtwide</td>
<td>80</td>
</tr>
<tr>
<td>4 Plant Facilities</td>
<td>ESC</td>
<td>325</td>
</tr>
<tr>
<td>5 ChildCare</td>
<td>East, Pierce, City &amp; Valley</td>
<td>800</td>
</tr>
<tr>
<td><strong>Total Hours</strong></td>
<td></td>
<td>1,665</td>
</tr>
<tr>
<td><strong>Second Quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Whistle Blower Hotline Investigation</td>
<td>Districtwide</td>
<td>180</td>
</tr>
<tr>
<td>7 Special Request</td>
<td>Districtwide</td>
<td>55</td>
</tr>
<tr>
<td>8 ChildCare</td>
<td>Harbor, West, Mission, Trade</td>
<td>800</td>
</tr>
<tr>
<td>9 Payroll</td>
<td>ESC</td>
<td>480</td>
</tr>
<tr>
<td><strong>Total Hours</strong></td>
<td></td>
<td>1,515</td>
</tr>
<tr>
<td><strong>Third Quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Whistle Blower Hotline Investigation</td>
<td>Districtwide</td>
<td>130</td>
</tr>
<tr>
<td>11 ChildCare</td>
<td>Southwest</td>
<td>200</td>
</tr>
<tr>
<td>12 CAP Review External Audit Finding</td>
<td>Districtwide</td>
<td>160</td>
</tr>
<tr>
<td>13 Payroll</td>
<td>West, City, Mission, Pierce</td>
<td>1200</td>
</tr>
<tr>
<td></td>
<td>East &amp; Trade</td>
<td></td>
</tr>
<tr>
<td><strong>Total Hours</strong></td>
<td></td>
<td>1,690</td>
</tr>
<tr>
<td><strong>Fourth Quarter</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Whistle Blower Hotline Investigation</td>
<td>Districtwide</td>
<td>200</td>
</tr>
<tr>
<td>15 Special Request</td>
<td>Districtwide</td>
<td>80</td>
</tr>
<tr>
<td>16 Payroll</td>
<td>Southwest, Harbor and Mission</td>
<td>600</td>
</tr>
<tr>
<td>17 Personnel Commission</td>
<td>ESC</td>
<td>360</td>
</tr>
<tr>
<td>18 CAP Review Child Development Center</td>
<td>Districtwide</td>
<td>380</td>
</tr>
<tr>
<td><strong>Total Hours</strong></td>
<td></td>
<td>1,620</td>
</tr>
<tr>
<td><strong>Grand Total Hours</strong></td>
<td></td>
<td>6,490</td>
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</table>
# Audit Findings Ratings Matrix

<table>
<thead>
<tr>
<th>Risk Rating Action Step</th>
<th>Leading Practice</th>
<th>Verbal</th>
<th>Marginal</th>
<th>Moderate</th>
<th>Considerable</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicated</td>
<td>Possible Body of Report</td>
<td>Verbal</td>
<td>Body of Report</td>
<td>Executive Summary</td>
<td>Executive Summary</td>
<td>Executive Summary</td>
</tr>
<tr>
<td>Regulatory Impact</td>
<td>N/A</td>
<td>None</td>
<td>None</td>
<td>Incidental</td>
<td>Serious</td>
<td>High or Related</td>
</tr>
<tr>
<td>Potential Financial Impact</td>
<td>Process Improvement</td>
<td>Insignificant</td>
<td>&lt; 10% of Department or Program Budget</td>
<td>11% to 30% of Department or Program Budget</td>
<td>31% to 50% of Department or Program Budget</td>
<td>&gt;50% of Department or Program Budget</td>
</tr>
<tr>
<td>Error occurrence percentage Rating ***</td>
<td>N/A</td>
<td>1% to 15%</td>
<td>16% to 40%</td>
<td>41% to 65%</td>
<td>66% to 80%</td>
<td>81% to 100%</td>
</tr>
<tr>
<td>Corrective Action</td>
<td>N/A</td>
<td>Department or Program Discretion</td>
<td>120 days</td>
<td>90 days</td>
<td>60 days**</td>
<td>30 days**</td>
</tr>
<tr>
<td>Level of Manager Attention</td>
<td>Varies</td>
<td>Department or Program Manager</td>
<td>Deans Associate VP</td>
<td>VP Director</td>
<td>Vice Chancellor President</td>
<td>Chancellor Vice Chancellor CFO President</td>
</tr>
<tr>
<td>Audit Tracking/ Follow-up</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

** **Immediate interim controls need to be established.~~

~~This is only applicable if there is no regulatory impact and the financial impact cannot be computed.
**Leading Practice**
- No control concerns; potential process improvement observation only.
- Impact improves customer service; improves process for employees; may increase revenue or lower costs.
- Attention and decision as to implementation varies from first level Line of college or district management to Directors.
- Discussed in closing meeting; possible inclusion in audit report. No response required by business unit management.

**Verbal**
- The most minor of control concerns; tend to be exceptions found during testing that are cleared during audit.
- Impact (or risk) is very low on customer service, employees, revenues or costs.
- Error occurrence percentage rate is between 1% and 15%
- Only first level department or program management attention and decision as to implementation required.
- Discussed in closing meeting, but not included in audit report. No response required by business unit management.

**Marginal**
- Minor control concerns found.
- Impact is low on customer service, employees, revenues or costs.
- Financial impact is less than 10% of department or units budget
- Error occurrence percentage rate is between 16% and 40%
- Dean/Associate VP/Associate Vice Chancellor’s attention and decision as to corrective action required.
- Included in audit report and Internal Audit follow-up required.
- Corrective action period should be within 120 days.

**Moderate**
- Moderate control concerns found or incidental non-compliance with regulatory requirements or, in the opinion of the Legal, the finding is deemed a moderate risk.
- Impact is moderate on customer service, employees, revenues or costs.
- Financial impact is from 11% to 30% of department or units budget
- Error occurrence percentage rate is between 41% and 65%
- VP and Director’s attention and decision as to corrective action required.
- Included in audit report and Internal Audit follow-up required.
- Corrective action period is within 90 days.

**Considerable**
- High control concerns found or a serious instance of non-compliance with regulatory requirements or, in the opinion of the legal, the finding is deemed a considerable risk.
- Impact is high on customer service, employees, revenues or costs.
- Financial impact is at least 31% to 50% of department or units budget
• Error occurrence percentage rate is between 66% and 80%
• Vice Chancellor, Sr. Associate Vice Chancellor and College President’s attention and decision as to corrective action required.
• Appropriate regulators may be informed of the issue and corrective action.
• Budget and Finance committee is informed.
• Included in audit report and Internal Audit follow-up/validation of corrective actions required.
• Corrective action period is within 60 days. Immediate interim controls need to be established. Long-term solution may require additional time.

High
• High control concerns found with clear regulatory implications.
• Impact is high from a regulatory standpoint.
• Financial impact is at least 51% of department or units budget
• Error occurrence percentage rate is between 81% and 100%
• Communicate to Chancellor, College President, Deputy Chancellor, General Counsel, CFO/ Treasury immediately.
• Chancellor, Deputy Chancellor, CFO, and College President’s attention and decision as to corrective action required.
• External auditor may be informed.
• Appropriate regulators may be informed of the issue and corrective action.
• Budget and Finance committee is informed.
• Included in audit report and Internal Audit follow-up/validation of corrective actions required.
• Corrective action period is within 30 days. Immediate interim controls need to be established. Long-term solution may require additional time.
## Audit Report Ratings Matrix

| Effective | The overall control environment is functioning effectively. A few “marginal” rated findings were identified. Applicable financial, regulatory and reputation exposures are addressed and managed within tolerable levels. The internal control structure is sufficient to mitigate significant risks to the District/college, including controls for the prevention or timely detection of potential exposures. The quality and quantity of management reporting allows for appropriate oversight of the activities. |
| Monitor  | Overall risk program has some notable weaknesses. A “considerable” rated or numerous “moderate” rated findings were identified. Control weaknesses were identified, which require corrective action in the near term to avoid significant financial loss, regulatory criticism or negative publicity. Risk management processes are not formalized and documented in all instances and are not clearly understood or followed consistently. Senior management attention is required to ensure corrective action is implemented and adhered. |
| Needs Improvement | Overall risk program needs improvement. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal control indicate a high probability that the District/college will incur material financial loss, significant regulatory criticism, fines, sanctions or reputation damage. Controls require extensive improvement to ensure timely detection and correction of risk exposures. Key policies are not in place or sufficiently documented, communicated and/or followed. Executive management attention is necessary to address the control weaknesses noted. |
| Impaired | Overall risk program is not acceptable. Multiple “high” or “considerable” rated findings were identified. Control deficiencies place the District/college at an imminent risk of material financial loss, significant regulatory criticism, fines, sanctions or significant reputation damage. Controls require extensive improvement to ensure timely detection and correction of risk exposures. Key policies are not in place or are not sufficiently documented, communicated and/or followed. Immediate Executive management attention is required to implement corrective action, including formalizing and communicating risk management procedures. |
Audit Report Rating Guidelines

The following are guidelines to be used when assigning an overall Audit Report Rating to a completed engagement. However, the Director of Internal Audit can adjust an audit report rating for cause and other relevant factors.

<table>
<thead>
<tr>
<th>RATING</th>
<th>Marginal</th>
<th>Moderate</th>
<th>Considerable</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective</td>
<td>&gt;4 and/or</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Monitor</td>
<td>≥ 3 and/or</td>
<td>1</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Needs Improvement</td>
<td></td>
<td>2 and/or</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Impaired</td>
<td></td>
<td>≥ 3 or</td>
<td></td>
<td>≥ 2</td>
</tr>
</tbody>
</table>
C. AB19 Funding
AB 19 provides for an enrollment fee experience for all first-time fulltime students enrolling in the California Community College system. However, the guidance provided by the Chancellor’s Office in July provides flexibility as to the manner in which the funds can be expended and details the requirements for program participation. In summary:

- “AB 19 allows districts to choose whether they want to waive fees for first time, full-time students or make use of program funding in other ways that meet the goals of the legislation.”
- “Districts are not required to use California College Promise funds to provide fee waivers, and should use funds to advance the goals of the legislation.”

While flexibility is permitted, LACCD has proceeded to recommit to our LA College Program and ensure that all first-time fulltime students, regardless of age, or school district origin are able to attend our colleges without fiscal barriers related to enrollment fees. All enrollment, health and association fees will be covered.

The Office of Student Success compiled original cost estimates based on the possible population of Promise students, the ratio of California Promise Grant recipients, and fulltime retention rates. The allocation of $3,030,086 was sufficient to cover the estimated fees.

### Summer Bridge 2018

<table>
<thead>
<tr>
<th>Students</th>
<th>Students on LACP</th>
<th>Fees</th>
<th>Units</th>
<th>Enrollment Fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>3500</td>
<td>750</td>
<td>$42,000</td>
<td>2.5</td>
<td>$86,250</td>
<td>$128,250</td>
</tr>
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</table>

### Fall 2018

<table>
<thead>
<tr>
<th>Students</th>
<th>Students on LACP</th>
<th>Fees</th>
<th>Units</th>
<th>Enrollment Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>7000</td>
<td>1750</td>
<td>$84,000</td>
<td>12</td>
<td>$966,000</td>
</tr>
</tbody>
</table>

### Spring 2019 (assumes 80% persistence)

<table>
<thead>
<tr>
<th>Students</th>
<th>Students on LACP</th>
<th>Fees</th>
<th>Units</th>
<th>Enrollment Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>5600</td>
<td>1400</td>
<td>$67,200</td>
<td>12</td>
<td>$772,800</td>
</tr>
</tbody>
</table>

Total: $193,200 $1,825,050 $2,018,250
The estimate of 7,000 student provided a high mark to ensure funding is sufficient. The fall 2017 cohort has just over 4,000. Estimates prior to the AB 19 guidance were over 5,000. The 7,000 student marker allowed for an influx in non LAUSD students taking advantage of the program as an estimated maximum. The estimates, include a California College Promise rate of 75%. The rate for the 2017 cohort was 82%. The conservative estimates here also provide for some buffer. Current estimates based on enrollment trends show significant growth, but below the 7,000 maximum.

### 2018-2019 Cohort Tuition and Fees (assumes 75% BOG Eligible)

<table>
<thead>
<tr>
<th></th>
<th>Summer 2018</th>
<th>Fall 2018</th>
<th>Spring 2019 (assumes 80% persistence)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Students</td>
<td>Students on LACP</td>
<td>Fees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summer 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3300</td>
<td>750</td>
<td>$26,400</td>
</tr>
<tr>
<td>Fall 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5800</td>
<td>1160</td>
<td>$69,600</td>
</tr>
<tr>
<td>Spring 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4640</td>
<td>928</td>
<td>$55,680</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$151,680</td>
</tr>
</tbody>
</table>

The current estimates would leave approximately $1.5 million remaining to provide additional supports to students. At the LA College Promise Design Retreat, the college leadership recommended options for supporting students that included, transportation (U-Pass, Parking Pass), food vouchers, and textbook vouchers. Currently, these models are being worked out to determine the scale that can be accomplished. Detailed models will be presented to the Chancellor and college presidents for review at the next President’s Council.

The Office has collected information on other District efforts and found that most are more restrictive, focusing only on students in the service area and usually only on direct high school matriculates. This is an area of great potential growth for the district as it can focus on returning students countywide in ways not planned for by the other districts.

<table>
<thead>
<tr>
<th>College</th>
<th>Eligibility</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Monica</td>
<td>Must be direct HS matriculates</td>
<td>Tuition &amp; Fees</td>
</tr>
<tr>
<td></td>
<td>Any California High School</td>
<td>$500/semester book voucher only for BOG eligible</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Priority Reg</td>
</tr>
<tr>
<td>El Camino</td>
<td>Must be direct HS matriculates</td>
<td>Enrollment fees only</td>
</tr>
<tr>
<td></td>
<td>Only in-district (no LAUSD)</td>
<td></td>
</tr>
<tr>
<td>Pasadena</td>
<td>Must be direct HS matriculates</td>
<td>Enrollment fees only</td>
</tr>
<tr>
<td></td>
<td>Only in-district (no LAUSD)</td>
<td>Priority Reg</td>
</tr>
<tr>
<td>Glendale</td>
<td>Any first-time, full-time student</td>
<td>Enrollment fees only for first 24 units</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Priority Reg</td>
</tr>
</tbody>
</table>
| College of the Canyons | First Year Promise Plus- direct HS matriculates with an EFC of less than $50,000 from any high school | Enrollment Fees only (up to 15 units a semester)  
Priority Reg  
Plus also gets parking permit or city bus pass & $100 book store gift card |
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First Year Promise Premier – Any first-time, full-time with EFC of less than $50,000</td>
<td></td>
</tr>
</tbody>
</table>
| Rio Hondo             | Must be direct HS matriculates  
Only in-district (no LAUSD)  
Summer transition | Tuition fees only  
Priority Reg |
|                       |                                                                                      |                                                                                          |