Agenda

Thursday, April 24, 2014, 2:30 PM
Student Services Building, Room 414

1. Call to Order / Approval of Agenda  Action
2. Approval of Minutes: March 20, 2014  Action
3. Old Business: None
4. New Business:
   a. Budget Supplements:  Action
      i. ATD Conference ($2,409)
      ii. Summer Counseling (39,690)
   b. Process for Budget Supplements  Information
   c. 3rd Quarter Projection (March close)  Information
   d. BOT Budget and Finance Committee (4-23-14)  Information
   e. District Budget Committee (4-16-14)  Information
   f. PIE Committee Report (Rebecca Tillberg)  Information
5. Adjournment  Action

Next meeting: May 22, 2013
## Revenue:

<table>
<thead>
<tr>
<th>Year</th>
<th>Category</th>
<th>2013-14 Current Budget</th>
<th>Projected Revenue</th>
<th>Revenue Increase</th>
<th>Revenue Decrease</th>
<th>Refer.</th>
<th>2013-14 Projected Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>as of 02/28/14</td>
<td>as of 02/28/14</td>
<td></td>
<td></td>
<td>as of 03/31/14</td>
<td></td>
</tr>
<tr>
<td>2012-13 Ending Balance</td>
<td>(including Open Orders)</td>
<td>2,473,981</td>
<td>2,473,981</td>
<td></td>
<td></td>
<td>2,473,981</td>
<td></td>
</tr>
<tr>
<td>2013-14 DO, DW, ITV Balances Redistribution</td>
<td></td>
<td>225,956</td>
<td>225,956</td>
<td></td>
<td></td>
<td>225,956</td>
<td></td>
</tr>
<tr>
<td>2013-14 Final Budget Allocation w/o Balance</td>
<td></td>
<td>29,984,018</td>
<td>29,984,018</td>
<td></td>
<td></td>
<td>29,984,018</td>
<td></td>
</tr>
<tr>
<td>Revenues after Final Budget</td>
<td>(details listed on MoProj_Backup page)</td>
<td>194,917</td>
<td>1,100,072</td>
<td>494,447</td>
<td></td>
<td>A2, A8, 1,610,519</td>
<td></td>
</tr>
</tbody>
</table>

### Projected Revenue

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2012-13</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>32,878,872</td>
<td>(280,000)</td>
<td>33,784,027</td>
</tr>
<tr>
<td>Increase/Decrease</td>
<td>944,447</td>
<td>0</td>
<td>34,294,474</td>
</tr>
</tbody>
</table>

## Expenditures:

<table>
<thead>
<tr>
<th>SubGL</th>
<th>Description</th>
<th>2013-14 Current Budget</th>
<th>YE as of 02/28/14</th>
<th>Projected Expenditure</th>
<th>YE as of 08/09/13</th>
<th>Projected Expenditure Increase/Decrease</th>
<th>Refer.</th>
<th>Projected Expenditure as of 03/31/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>110000</td>
<td>Teaching, REG</td>
<td>6,031,940</td>
<td>6,038,375</td>
<td>6,630,971</td>
<td>6,630,971</td>
<td>261,888</td>
<td>B1</td>
<td>6,300,203</td>
</tr>
<tr>
<td>120000</td>
<td>Non-Tching, REG</td>
<td>3,036,736</td>
<td>2,972,454</td>
<td>3,038,315</td>
<td>3,038,315</td>
<td>64,815</td>
<td>C1</td>
<td>6,499,704</td>
</tr>
<tr>
<td>130000</td>
<td>Teaching, HRLY</td>
<td>6,381,371</td>
<td>5,026,368</td>
<td>6,564,519</td>
<td>6,564,519</td>
<td>5,357</td>
<td>B2</td>
<td>4,704,465</td>
</tr>
<tr>
<td>190000</td>
<td>Misc.Certif Sal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>TTL.Certif Sal</td>
<td>15,855,571</td>
<td>14,339,158</td>
<td>16,698,913</td>
<td>16,698,913</td>
<td></td>
<td></td>
<td>16,901,343</td>
</tr>
<tr>
<td>420000</td>
<td>Books</td>
<td>12,276</td>
<td>7,419</td>
<td>11,631</td>
<td>11,631</td>
<td></td>
<td></td>
<td>11,631</td>
</tr>
<tr>
<td>540000</td>
<td>Insurance</td>
<td>43,602</td>
<td>64,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>610000</td>
<td>Sites</td>
<td>231,422</td>
<td>191,062</td>
<td>203,442</td>
<td>203,442</td>
<td></td>
<td></td>
<td>203,442</td>
</tr>
<tr>
<td>560000</td>
<td>Contrs &amp; Rntls</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>570000</td>
<td>Legal, Elect, Audit</td>
<td>501,027</td>
<td>50,751</td>
<td>218,788</td>
<td>218,788</td>
<td></td>
<td></td>
<td>218,788</td>
</tr>
<tr>
<td>590000</td>
<td>Misc.Oth Exp</td>
<td>2,361,112</td>
<td>1,749,025</td>
<td>2,044,087</td>
<td>2,044,087</td>
<td></td>
<td></td>
<td>2,044,087</td>
</tr>
<tr>
<td>660000</td>
<td>Sites</td>
<td>101,385</td>
<td>51,068</td>
<td>44,945</td>
<td>44,945</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>680000</td>
<td>Other Capital Outly</td>
<td>21,398</td>
<td>13,983</td>
<td>21,398</td>
<td>21,398</td>
<td></td>
<td></td>
<td>21,398</td>
</tr>
<tr>
<td>690000</td>
<td>Misc.</td>
<td>122,783</td>
<td>65,050</td>
<td>66,343</td>
<td>66,343</td>
<td></td>
<td></td>
<td>66,343</td>
</tr>
<tr>
<td>710000</td>
<td>Debt Service</td>
<td>162,093</td>
<td>162,093</td>
<td>157,716</td>
<td>157,716</td>
<td></td>
<td></td>
<td>157,716</td>
</tr>
<tr>
<td>730000</td>
<td>Interfund Transfer</td>
<td>162,093</td>
<td>162,093</td>
<td>162,093</td>
<td>162,093</td>
<td></td>
<td></td>
<td>162,093</td>
</tr>
<tr>
<td>739700</td>
<td>Intrafund Between Locations</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>739800</td>
<td>Intrafund - Unres</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>739900</td>
<td>Intrafund Transfer</td>
<td>158,353</td>
<td>167,002</td>
<td>157,716</td>
<td>157,716</td>
<td></td>
<td></td>
<td>157,716</td>
</tr>
<tr>
<td>740000</td>
<td>Reallocation/Adj</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>750000</td>
<td>Loans/Grants</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>790000</td>
<td>Conting/Unalloc (excl 799110)</td>
<td>633,371</td>
<td>329,095</td>
<td>319,809</td>
<td>319,809</td>
<td></td>
<td></td>
<td>319,809</td>
</tr>
<tr>
<td></td>
<td>TTL. Other</td>
<td>953,817</td>
<td>329,095</td>
<td>319,809</td>
<td>319,809</td>
<td></td>
<td></td>
<td>319,809</td>
</tr>
<tr>
<td></td>
<td>LESS INTRA/UNRES</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

### Total Expenditures w/o benefits

- 26,551,283
- 23,446,325
- 26,473,268
- 267,245
- 64,815
- 0
- 26,675,698

### Total Expenditures w/benefits

- 33,158,872
- 29,746,468
- 33,040,316
- 299,958
- 64,815
- 33,275,459

### Remaining Deficit Gap

- 0

### Total Net Expenditures w/benefits

- 33,158,872
- 29,746,468
- 33,040,316
- 299,958
- 64,815
- 33,275,459

### Projected Ending Balance

- 1,019,015
AGENDA FOR THE BUDGET AND FINANCE COMMITTEE MEETING

April 23, 2014

I. Roll Call

II. Public Speakers

III. Reports/Recommendations/Action
   A. Internal Audit Quarterly Update
   B. Districtwide/College Marketing, Outreach and Recruitment Survey
   C. Use of Funds from Distribution of 2012-13 General Revenue Recal
   D. Update of Financial Projections by College
   E. List of Formal Procurement Activities

IV. Future Discussion/Agenda Items
   • Update on Cost Savings from Master Agreements (Chancellor’s Directive #142)
   • Schedule for District-wide Bids on Major Items
   • Retirement Incentives

V. Future Budget and Finance Meeting Dates
   • May 14, 2014

VI. New Business

VII. Adjourn
BUDGET AND FINANCE COMMITTEE
2013-14 Second QUARTER REPORT
APRIL 23, 2014

A. Audit Report
   I. “Foundation Audit” All nine Colleges and Educational Service Center

B. Special Request:
   I. Mission College “Foundation Checks”

C. Whistleblower Hotline:
   I. Four completed Reports.
A. INTERNAL AUDIT QUARTERLY UPDATE
## Summary Report

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>District</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>4</td>
<td>9</td>
<td>12</td>
<td>17</td>
<td>14</td>
<td>24</td>
<td>12</td>
<td>17</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>Considerable</td>
<td>4</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Moderate</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Marginal</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>12</td>
<td>18</td>
<td>21</td>
<td>24</td>
<td>31</td>
<td>18</td>
<td>26</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>

Overall Audit Rating: Impaired Impaired Impaired Impaired Impaired Impaired Impaired Impaired Impaired Impaired

### SUMMARY OF COMMON FINDINGS:

#### Walkthrough:

1. The Foundation does not have a maximum amount established for operating account to allow for a stronger financial portfolio by investing excess cash into high interest bearing accounts.

2. The Foundation did not meet its goals and objectives of providing funds to support the programs of the College.

3. The Foundation is acting as a bank and providing bookkeeping/accounting services for the college academic departments.

4. There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting.

5. There are internal weaknesses with the reporting of hours worked by employees as employees are not required to sign timesheets acknowledging hours worked.
6. There is a lack of documentation to substantiate financial transactions and other operating activities.

7. There are internal weaknesses with the safeguarding of the Foundation assets.

8. There are internal weaknesses with the record retention process as the Foundation does not maintain all scholarship application.

9. Inadequate accounting system is used to record the financial transactions of the Foundation.

**Policies and Procedures:**

1. The Foundation does not maintain an updated internal operation written policies and procedures for all pertinent areas.

**Procurement:**

1. There are internal weaknesses within the Foundation operation as payments are made without proper documentation justifying the expense to be paid and/or funds are used for eligible expenses.

2. The Foundation Board does not have a process to approve and/or ratify payments made for services or items purchased.

3. Items/services purchased did not warrant the use of Foundation funds.

**Revenue and Cash Receipts:**

1. The Foundation does not account for receipts in a daily cash receipts ledger or similar report.

2. The Foundation does not make daily deposit to the bank when cash/check is received.

3. Foundation does not maintain documentation for items that were not sold during the Silent Auction at the GALA.

**Bank Reconciliations:**

1. The reconciliation performed lacked the attributes to solidify the timeliness and accuracy of the bank reconciliations.

**Transfer of Funds:**

1. Cash was transferred between bank accounts without proper authorized documentation.

**Scholarships:**

1. There are internal weaknesses within the selection process of students’ scholarship as there is no evidence to substantiate each scholarship committee member selection and/or the Departmental scholarship selection. Additionally, no procedure manual or documents is maintained to validate the process use for the final selection.
2. The Foundation does not present a list of scholarship recipients to the Foundation Board for ratification.

3. The Foundation does not present a list of scholarship recipients to the College Financial Aid office.

**Conflict of Interest:**

1. Conflict of interest forms were not completed by individuals who were required to submit conflict of interest disclosure forms. When completed there is no evidence to substantiate that the conflict of interest disclosure statement forms were reviewed and approved.

2. The Foundation does not maintain updated conflict of interest disclosures from Foundation Board members.

**Budget vs. Actual:**

1. There is no evidence that a budget was created by the Foundation for all operational activities under the control of the Foundation.
Los Angeles Community Colleges District

Executive Summary

Audit: Los Angeles City College Foundation Audit

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

Audit Report Date: January 31, 2014

Audit Period: July 1, 2010 through June 30, 2013

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>04</td>
</tr>
<tr>
<td>Considerable</td>
<td>04</td>
</tr>
<tr>
<td>Moderate</td>
<td>07</td>
</tr>
<tr>
<td>Marginal</td>
<td>02</td>
</tr>
<tr>
<td>Total Issues</td>
<td>17</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A "high" rated or multiple "considerable" rated findings were identified. Weaknesses in internal 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.

BACKGROUND
The Foundation is a 501 (C) (3) non-profit organization was established in 1968 to promote and assist the educational programs of the Los Angeles City College (LACC). The Foundation is governed by a 23 member Board of Directors that drives to provide funds to support college educational programs. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The mission of the Foundation is to develop philanthropic support to assist the College in providing accessible educational programs that assure academic and vocational excellence for the students of Los Angeles City College, and that enrich the cultural, economic, and civic life of Los Angeles.

The Foundation goals are:

1. "To promote, foster, encourage and provide scientific, literary, educational and recreational facilities at Los Angeles City College; to provide for scholarships, fellowships, grants in aid, loans and other financial assistance to worthy students and members of the faculty; to further research and provide facilities therefore;
2. To receive gifts, bequests or devises either outright or as a trustee or beneficiary of a trust, to hold, transfer, buy, sell, invest, or reinvest real property, cash, stocks and bonds, and all other evidences of value for the purposes set forth in subsection 1 of this paragraph;

3. To expend moneys for the general welfare of the students and faculty of Los Angeles City College; and

4. To otherwise provide aids to education supplementary to state and local tax means for the support and benefit of Los Angeles City College.

The Foundation is involved with establishing public relations with individuals and businesses within the community of the college which will then facilitate these businesses to make financial donations and grants to the Foundation. The Foundation host fund raising events, such as the Gala, to raise funds for the purposes of supporting the college and awarding scholarships. In addition to the Gala, the Foundation obtains grants and oversees the swap meet to generate funds to support the College. In calendar year 2011 the Foundation reported a loss in the amount of $4,188.00. However, in calendar year 2012 the Foundation operated at a profit in the amount of $581,334.00.

PURPOSE/OBJECTIVE

The objectives of the audit were to:

- Determine whether the internal control system is functioning as intended;
- Ascertain the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objectives are met; and
- Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations

SCOPE

The scope of the audit included a review of processes and procedures of the Foundation for the period July 1, 2010 through June 30, 2013. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

A. Wire Transfer of Funds
   1. **Non-compliance with LACCD policies and procedures**: There are internal weaknesses with the electronic transfer of funds process as cash was transferred between bank accounts without adequate documentation of authorization. This equates to a 90% error rate and the dollar amount associated with the errors totaled $3,851,982.12. *(Impact: High)*

B. Walkthrough Process
   1. **Non-compliance with LACCD policies and procedures**: The Foundation is providing bookkeeping/accounting services for the LACC academic departments that raise funds that are not directly related to the Foundation goals and objections. These funds are generated without the assistant of the Foundation. *(Impact: High)*
   2. **Non-compliance with LACCD policies and procedures**: There is a lack of documentation to substantiate financial transactions and other operating activities. *(Impact: High)*
   3. **Non-compliance with LACCD policies and procedures**: There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting. *(Impact: High)*
   4. **Non-compliance with LACCD policies and procedures**: There are internal weaknesses with the safeguarding of assets. *(Impact: Considerable)*
   5. **Non-compliance with LACCD policies and procedures**: There are internal weaknesses with the record retention process as the Foundation does not maintain all scholarship application. *(Impact: Moderate)*

C. Budgeting Process
   1. **Non-compliance with LACCD and Foundation policies and procedures**: There are internal weaknesses with the approval process of the annual budget *(Impact: Considerable)*

D. Policies and Procedures
   1. **Non-compliance with LACCD policies and procedures**: The Los Angeles City College Foundation (The Foundation) does not maintain an updated internal operation written policies and procedures for all pertinent areas. This equated to an 82% error rate. *(Impact: Considerable)*

E. Procurement
   1. **Non-compliance with LACCD and Foundation policies and procedures**: Contracts for professional services were not signed by the delegated LACC employee authorized to sign contracts. This equated to a 72% error rate. *(Impact: Considerable)*
   2. **Non-compliance with LACCD and Foundation policies and procedures**: Expenses were not properly approved. This equated to an error percentages rate range of 5% to 44%. *(Impact: Moderate)*
   3. **Non-compliance with LACCD policies and procedures**: There is insufficient documentation/evidence to substantiate that the Foundation Board ratified credit card purchases. This equated to a 100% error rate. *(Impact: Moderate)*
F. Bank Reconciliation

1. **Non-compliance with LACCD and Foundation policies and procedures:** There are internal weaknesses with the timeliness as it relates to preparation, review, and approval of bank reconciliations. This equates to 100% error rate. *(Impact: Moderate)*

G. Prior Year Audit

1. **Non-compliance with Foundation policies and procedures:** The Foundation’s prior year audit findings identified by the external financial were not fully implemented. *(Impact: Moderate)*

H. Conflict of Interest

1. **Non-compliance with Foundation policies and procedures:** There is no evidence to substantiate that the conflict of interest disclosure statement forms were reviewed and monitored. This equated to a 100% error rate. *(Impact: Moderate)*

I. Scholarships

1. **Non-compliance with LACCD policies and procedures:** IAD was unable to reconcile the scholarship committee scores/ranking with the scores recorded in the scholarship electronic database. This equated to a 12% error rate. *(Impact: Moderate)*

**Management Action Plans and Completion Dates:**

**A. Wire Transfer of Funds**

- The Foundation will create a request form for transfer of funds as recommended. This will be implemented within 60 days.

- The Executive Director will discuss the recommendation that the Board ratify bank transfers and withdrawals within the context of the existing authority that has been granted to the Executive Director by the Board for these actions. In connection with this discussion, a decision will be reached by the Board regarding the necessity of this recommended safeguard being implemented and, if so, the appropriate threshold amount that would require the ratification.

- The Foundation will implement the recommendations of the IAD to train employees, require employees to acknowledge their understanding of policies and procedures, and conduct self-audits. *(Implementation Date: April 7, 2014)*

**B. Walkthrough Process**

- The Foundation and college administration will present and discuss this recommendation with the leadership of the LACC Academic Senate, and will proceed based upon consensus from that discussion. All other items contained in this set of recommendations will also be considered and addressed based on the discussion with the leadership of the Academic Senate. We anticipate that this discussion will take place within the next 30 days, and we will notify the auditor of the consensus of this faculty leadership group. *(Implementation Date: March 8, 2014)*
• The process relating to strengthening controls over procedures and utilizing purchase request forms is being implemented over the next 90 days. The documentation requirement checklist is being implemented over the next 90 days. The Foundation will create written policies and procedures relating to submission of documentation to justify payment over the next 90 days. The Foundation is implementing a scholarship software system which will create a check log denoting issuance of scholarship checks. The software will be in place in the next 60 days. The Foundation will implement the recommendations of the IAD to train employees, require employees to acknowledge their understanding of policies and procedures, and conduct self-audits. (Implementation Date: May 7, 2014)

• The Executive Director is reviewing the foundation staffing in connection with the concern about segregation of duties within the context of the size of the existing staff, and the amount of emphasis placed on fundraising related activities as compared to administrative functions. The Foundation anticipates that this process will take place over a 90 – 120 day period, and appropriate measures will then be taken to address this item. The Foundation will implement the recommendations of the IAD to train employees, require employees to acknowledge their understanding of policies and procedures, and conduct self-audits. (Implementation Date: June 6, 2014)

• The process requested by the auditor relating to the daily cash log is being implemented over the next 90 days. The process requested by the auditor relating to the dual cash counts is being implemented over the next 90 days. The Foundation staff will implement a procedure requiring that cash be deposited within two business days following receipt. This will be based on a minimum amount being received, and the minimum will be approved by the Foundation Board of directors at the February meeting. We anticipate that this will be implemented within 60 days of that meeting. Following conversation with President Martinez, the Foundation will work with the LACC Facilities Department to have a safe installed that will be bolted to the floor of the Foundation accountant’s office, and cash will be stored in that safe between receipt and deposit in the bank, as described above. We anticipate that this will be implemented over the next 90 – 120 days. The Foundation will implement the recommendations of the IAD to train employees, require employees to acknowledge their understanding of policies and procedures, and conduct self-audits. (Implementation Date: June 6, 2014)

• LACC Foundation is implementing a scholarship software system as outlined above, and this system will address this finding. (Implementation Date: April 7, 2014)

C. Budgeting Process

• The budget is reviewed on a monthly basis by the Executive Committee and approved on an ongoing basis on a quarterly basis by the Foundation’s Board. Therefore, a preliminary, working budget is submitted to the Board through the Executive Committee at the first meeting of the committee each year, with updates on a monthly basis. Notwithstanding this, the Foundation staff will present this finding to the Executive Committee of the Board at the February meeting for their input on how to address this finding. Because the Foundation’s internal audit is generally not completed until April of each year, the final budget does not get submitted to the Board until after that is complete. However, the tentative and working
budget will be submitted, and will be officially approved at the February meeting of the full Board. (Implementation Date: March 1, 2014)

D. Policies and Procedures

- The Foundation is reviewing the current written policies and procedures and, to the extent that there are missing categories as outlined in the audit findings, the recommended policies and procedures areas will be addressed and created. We anticipate that this work will take place over a period of time that ensures that a full set of written policies and procedures will be in place at the foundation office within 6-9 months. (Implementation Date: November 06, 2014)

E. Procurement

- LACC Foundation staff and the Executive Director will review all grants on which it is working and/or provides oversight to ensure that the appropriate College approvals are in place. Other items in connection with this finding will be addressed accordingly. (Implementation Date: March 15, 2014)

- LACC Foundation staff will work with the College administration to address these issues and implement procedures accordingly. We anticipate that this will be completed within 90 days. The Foundation and College administration will determine the appropriate person(s) who will be responsible for indicating their approval on payment request forms. (Implementation Date: May 7, 2014)

- The credit card statements are reviewed and approved on a monthly basis by the Foundation Board’s Executive Committee through the Board Treasurer’s report. These are sent to the Executive Committee a week prior to each meeting of the committee, and the approval of the Treasurer’s monthly report includes approval of the credit card statements and charges. The Executive Director will work with the Board to ensure that their review is reflected in the minutes of the meetings of the Executive Committee. (Implementation Date: March 1, 2014)

F. Bank Reconciliation

- The Foundation will implement the recommendations of the IAD within the next 90 days. (Implementation Date: May 7, 2014) The recommendations from the IAD are as follows:
  - All bank reconciliations are signed and dated by the preparer acknowledging the date that the reconciliation was completed.
  - The review and approval process should be documented denoting the approver name, signature and date of the individual that reviewed and approved the bank reconciliation.
  - Create a bank reconciliation form that includes a preparer and approver signature and date line.
  - The Foundation and the College conduct self-audits to ensure that bank reconciliation are completed timely, reviewed and approved.
  - Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policies and procedures.
Los Angeles City College Foundation Executive Summary
January 31, 2014

Signatures:

Renee Martinez, President

Date: 1/31/14

Cc: Adriana Barrera, Interim Chancellor
    Budget and Finance Committee, LACCD Board of Trustees
    Marvin Hoffman, Chairman of the Board, Los Angeles City College Foundation
    Camille Goulet, General Counsel
    Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/CRMA/MBA, Director of Internal Audit
Keyna Crenshaw, Auditor
Los Angeles Community Colleges District

Report No. D-09-1314
Executive Summary

Audit: Los Angeles Community College District Foundation
From: Arnold Blanshard, CPA/MBA, Director, Internal Audit
Audit Report Date: March 31, 2014

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>09</td>
</tr>
<tr>
<td>Considerable</td>
<td>00</td>
</tr>
<tr>
<td>Moderate</td>
<td>03</td>
</tr>
<tr>
<td>Marginal</td>
<td>00</td>
</tr>
<tr>
<td>Total Issues</td>
<td>12</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal 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.

BACKGROUND

The Foundation for the Los Angeles Community College District (The Foundation) is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of The Los Angeles Community College (LACCD). The Foundation was founded in 1987. The Foundation is governed by nine Board of Directors that strive to raise funds to support the Los Angeles Community College District (LACCD) educational programs. The LACCD Chancellor and Deputy Chancellor are ex-officio members of the Foundation Board and participate in the governance process, but do not have voting rights. The Foundation is considered an auxiliary organization of LACCD and must comply with the LACCD Board rules and administrative regulations associated with auxiliary organizations. The mission of the Foundation is to raise funds “to aid economically challenged students achieve their educational goals by finding student scholarship opportunities in the private and philanthropic sectors” and “support scholarship programs and programs that help increase completion and retention rates among the lower income population.”
The Foundation outsourced its management operation to Burke Rix Communications to conduct activities inclusive of fundraising function, Foundation Board meetings, event planning and grant writing. The LACCD Educational Center (The District Office) has retained control over cash receipts, recordkeeping, check processing, reconciliation, financial reporting process and record retention. These processes are handled by the District office Administrative Assistant to the CFO/Treasurer. The documentation for all processes is kept on a LACCD computer. The revenue for FY 11-12 and 12-13 was $1,532,463 and $532,980 respectively.

The Foundation operated at a loss of $501,240 and $197,611 in fiscal 2011-12 and 2012-13 respectively. The losses were attributed to the Foundation receiving fewer donations and issuance of more scholarship awards.

PURPOSE/OBJECTIVE

The objectives of this audit are to:
- Determine whether the internal control system is functioning as intended;
- Ascertain the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objective are met; and
- Determine whether current practices are in accordance with LACCD policies and procedures, and federal and state laws and regulations.

SCOPE

The scope of this audit included a review of processes and procedures of the Foundation for the period July 1, 2011 through June 30, 2013. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the LACCD Foundation 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 and the Standards for the Professional Practice of Internal Auditing.
Major Issues Identified:

I. Walkthrough Findings:

1. **Non-compliance to Foundation policies and procedures:** The Foundation does not require Foundation Board members and/or any other employee(s) in management to complete conflict of interest forms. This equates to a 100% error rate. *(Impact: High)*

2. **Non-compliance to LACCD policies and procedures and best practices:** There is no evidence that a budget was created by the Foundation for all operational activities under the control of the Foundation. *(Impact: High)*

3. **Non-compliance to LACCD policies and procedures:** There are internal weaknesses with the safeguarding of assets for LACCD Foundation. *(Impact: High)*

4. **Non Compliance with Board Rules, regulatory Policies and Procedures:** There was a lack of documentation to substantiate financial transactions and other operating activities. This equated to 100% error rate and $1,323,415 dollar error. *(Impact: High)*

5. **Non-compliance to LACCD policies and procedures:** There is a lack of segregation of duties as it relates to the disbursement process, check writing, reconciliation and accounting and reporting. *(Impact: High)*

6. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** The Foundation does not have a maximum amount established for operating account to allow for a stronger investment portfolio. *(Impact: Moderate)*

II. Policies and Procedures

1. **Non-compliance with Industry Best Practice:** The Foundation does not maintain an updated internal operational written policies and procedures for all pertinent areas. *(Impact: High)*

III. Procurement

1. **Non-compliance to LACCD policies and procedures and best practices:** Duplicate payment was made for a transaction. This equates to a .09% error rate and $5,000 dollar error. *(Impact: High)*

IV. Scholarships

1. **Non-compliance to LACCD policies and procedures and best practices:** IAD was unable to ascertain recipients selected by the college for the AVES scholarship for Fiscal Year 2011-2012. This equates to an error range of 4.4% to 100%. *(Impact: High)*

2. **Non-compliance to LACCD policies and procedures and best practices:** The District does not have well defined processes and procedures to ensure that the selection of students
for scholarship awards is based on fairness and promotes transparency. This equated to an error rate of 100%. (Impact: High)

V. Cash Receipts

1. Non-compliance with LACCD Policies and Procedures: The Foundation deposits were not made timely to California Credit Union. This equated to an 84% error rate and the $1,146,723 dollar error. (Impact: Moderate)

VI. Bank Reconciliation

1. Non-compliance to Best Practices LACCD policies and procedures: The bank reconciliations performed by the Foundation were not signed and approved by the preparer and approver prior to March 01, 2013. This equated to a 100% error rate. (Impact: Moderate)

Action Plans and Completion Dates:

I. Walkthrough Findings:

Management will:

1. Conflict of Interest Documents were drafted and distributed to all Foundation Board members. All were signed and returned to Project Manager. (Implementation Date: January 2014)

2. Foundation Board Members will be required to complete Conflict of Interest forms annually. (Implementation Date: January 2014)

3. The budget process has been put in place that requires the Foundation Board to review the final budget draft and adopt it annually. The Foundation Board will perform reviews of the operational revenues and expenditures at its quarterly meetings. Minutes from these meetings will reflect the activities of the meetings. June 30, 2014.

4. Auxiliary receipts and log are maintained in the CFO’s office when collecting checks for deposit. (Implementation Dates: April 2014 through July 2014)

5. The checks are in the CFO’s custody as of July 31, 2013 and are locked throughout the day and night. (Implementation Dates: April 2014 through July 2014)

6. CFO has custody of the checks and maintains a check stock log which is maintained for printing. (Implementation Dates: April 2014 through July 2014)

7. Dual signatures are now required on Foundation checks over $15,000.00. (Implementation Dates: April 2014 through July 2014)

8. Payroll deduction checks are forwarded from Senior Accounts Payable Technician to the Payroll Technician after the check is printed by the Senior Accounts Payable Technician. (Implementation Dates: April 2014 through July 2014)
9. As of April 1, 2014, checks will be physically picked up by CFO Administrative Assistant, who will sign off on the pick-up. (Implementation Dates: April 2014 through July 2014)

10. Foundation Board will adopt approval/ratification during quarterly meeting for all expenses. (Implementation Date: June 30, 2013)

11. The Foundation is now maintaining a log of all checks received by both the Project Manager and the CFO’s Executive Assistant. Dated receipts and logging procedures in place. (Implementation Date: June 30, 2013)

12. The Foundation has implemented a procedure for scholarships. Each college that submits a scholarship recipient list is now required to have the applications attached. (Implementation Date: June 30, 2013)

13. Receipts will now be available for referencing transactions. (Implementation Date: June 30, 2013)

14. CFO office staff now maintains timesheets indicating time worked for the Foundation. (Implementation Date: June 30, 2013)

15. The District Office has evaluated incompatible duties to ensure segregation of duties as follows:
   
   a. Administrative Assistant to the CFO is entering journal entries in Excel Spreadsheet ledger for all types of Foundation transactions functions performed. (Implementation Date: November 2013)
   
   b. As of July 01, 2013, the Accounting Technician under the CFO’s Office started performing the reconciliations. (Implementation Date: November 2013)
   
   c. CFO is now custodian of check stock, therefore, the CFO’s Administrative Assistant has to log checks in the presence of CFO when check stock are removed. (Implementation Date: November 2013)
   
   d. The CFO’s Administrative Assistant currently prepares deposits for donations. (Implementation Date: November 2013)
   
   e. The Accounting Assistant in the CFOs office is in charge of managing and tracking stale dated checks. (Implementation Date: November 2013)

16. The funds are currently in an interest bearing checking account and does not warrant an investment procedure. This will evaluated in the future as Foundation funds grow in the future. (Implementation Date: May 01, 2013)

17. The foundation staff person along with some input from the CFO’s office is in the process of writing these policies and procedures. They should be completed by the end of the current year. (Implementation Date: May 01, 2013)

18. The Foundation does not have management strategies for investing, and Staff will check to see if there are CDs that generate interest at a rate that is significantly higher than received in the checking account that does not require the funds to be tied up too long. (Implementation Date: May 01, 2013)
II. Policies and Procedures

1. The Project Manager and Administrative Assistant to the CFO are in process of developing the written policies and procedures. (Implementation Date: July 30, 2014)

III. Procurement

1. No longer applicable as ESL-Basic Skills is now handled by SAP. (Implementation Date: Not applicable)

IV. Scholarships

1. The Foundation office will send the final list of recipients to each campus and require each College to retain these records for the required amount of time. (Implementation Date: September 2014)

2. Policy and Procedures manual will put into place a policy to insure that both the District Office and the Colleges retain the scholarship recipient list and all other relevant documentation as it pertains to selection and administration of scholarships. (Implementation Date: September 2014)

3. The Policies and Procedures manual will address the criteria, selection and measurement for scholarship selection and administration. (Implementation Date: September 2014)

V. Cash Receipts

1. The Foundation office will immediately upon receipt of any checks forward to the District CFO’s office for immediate deposit. (Implementation Date: March 18, 2014)

VI. Bank Reconciliation

1. Accounting Technician now reconciles initials, dates account on a monthly basis and CFO signs off and approves within 30 days of Accounting Technician initialing. (Implementation Date: March 01, 2013)
Los Angeles Community Colleges District

Signatures:

Jeanette Gordon, CFO/Treasurer

Date: \(\frac{21}{15}/14\)

Dr. Adriana Barrera, Interim Chancellor

Date: \(April 15, 2014\)

cc: Budget and Financial Committee
   - Dr. Adriana Barrera, Acting Chancellor
   - Stuart Laff, President of Foundation
   - Camille Goulet, General Counsel
   - Jeanette L. Gordon, CFO/Treasurer

Audit Team:
   - Arnold Blanshard, CPA/MBA, Director of Internal Audit
   - Marioan Carranza, MBA, CIA, CFE, Auditor
Audit: East Los Angeles College - Foundation Audit

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

Audit Report Date: December 31, 2013

Audit Period: July 1, 2011 through June 30, 2013

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>12</td>
</tr>
<tr>
<td>Considerable</td>
<td>02</td>
</tr>
<tr>
<td>Moderate</td>
<td>04</td>
</tr>
<tr>
<td>Marginal</td>
<td>00</td>
</tr>
<tr>
<td>Total Issues</td>
<td>18</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A "high" rated or multiple "considerable" rated findings were identified. Weaknesses in internal 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.

BACKGROUND

The East Los Angeles College Foundation is an independent 501(c)(3) non-profit organization. The Foundation's singular goal is to support the programs of East Los Angeles College through its board membership. The volunteer Board of Directors embarks upon advocacy, building community goodwill and seeking fiscal support for the unfunded needs of the college ELACs foundation was founded in 1984. The Foundation is governed by a Fifteen (15) member Board of Directors that drives to provide funds to support the ELAC educational programs. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The mission of the East Los Angeles College Foundation, "is to promote and elevate the College in fulfilling its mission and reaching its goals through marketing and advocacy, community and industry connections, and financial support."

Some of the activities that the foundation performs in order to meet its mission are as follows:
1. Partners with off campus entities to raise funds,
2. Partner with local community to raise funds,
3. Fundraising Activities: such as Gala’s and Scholarship Banquets, and Silent Auctions
4. Provide services to the faculty such as the processing of departmental scholarships, marketing events held on campus, obtaining permits, providing the insurance and obtaining the necessary security needs.

The Foundation's source of revenue for the period within the audit was generated through donors, galas, and grants. The Foundation operated at a profit of 93,362.00 and 70,921.63 for fiscal year 2011/2012 and 2012/2013 respectively. The information were derived from audited financial statements and the unaudited Profit and Loss statement ELAC foundation for fiscal Year 2011/2012 and 2012/2013 respectively.

PURPOSE/OBJECTIVE

The objectives of the audit were to:

• Determine whether the internal control system is functioning as intended;
• Ascertain the existence and effectiveness of current policies and procedures;
• Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
• Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
• Evaluate the Foundation record retention policies and procedures;
• Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objectives are met; and
• Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations.

SCOPE

The scope of this audit included a review of processes and procedures of the Foundation for the period July 1, 2011 through June 30, 2013. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

Major Issues Identified:

A. Procurement

1. Non-Compliance to LACCD policies and procedures and Board Regulations: Payments were made to employees without timesheets or time and effort reports. (Impact: High)

2. Non-Compliance to LACCD and Foundation policies and procedures: Items/services purchased did not warrant the use of Foundation funds. This equates to an error range of 1.37% to 11.46% error rate. (Impact: High)
3. **Non-Compliance to LACCD and Foundation policies and procedures:** There are internal weaknesses within the Foundation operation as credit card expenses were not properly approved. *(Impact: High)*

4. **Non-Compliance to LACCD policies and procedures, Foundation procedures, and best practices:** ELAC Foundation did not provide the required documents to ascertain that the expenses are valid Foundation expenses. This equates to an error range of 1.12% to 100% error rate. *(Impact: High)*

5. **Non-Compliance to LACCD policies and procedures and Board Regulations:** ELAC Foundation did not report payments made to independent contractors and/or employees as compensation. This equates to an error range of 48% to 100% error rate and an error dollar amount of $11,154.89 *(Impact: Considerable)*

**B. Revenue and Cash Receipts**

1. **Non-Compliance to LACCD and Foundation policies and procedures:** ELAC Foundation does not maintain documentation for items that were not sold during the Silent Auction at the GALA. This equate to a 100% error rate. *(Impact: High)*

2. **Non-Compliance with LACCD Policies and Procedures:** The Foundation does not have a daily process to account for all revenue received. This equate to a 100% error rate *(Impact: High)*

3. **Non-Compliance to LACCD and Foundation policies and procedures:** The Foundation does not account for receipts in a daily cash receipts ledger or similar report. This equates to 31% error rate. *(Impact: Moderate)*

**C. Bank Reconciliations**

1. **Non-Compliance to LACCD and Foundation policies and procedures:** There are internal weaknesses within the review, approval, and timeliness of bank reconciliations. This equates to an error rate of 100%. *(Impact: High)*

**D. Transfer of Funds**

1. **Non-Compliance to LACCD policies and procedures:** Cash was transferred between bank accounts without proper documentation of authorization. This equates to a 100% error rate with a dollar error amount of $619,143.97. *(Impact: High)*

**F. Scholarships:**

1. **Non-Compliance to LACCD policies and procedures and best practices:** There are internal weaknesses within the selection process of students’ scholarships as there is no evidence to substantiate each scholarship committee member selection and/or the Departmental/Colleges scholarship selection. Additionally, no procedure manual or documents is maintained to validate the process use for the final selection. This equates to a 69% error rate. *(Impact: High)*

2. **Non-Compliance to Foundation and LACCD policies and procedures:** There are no procedures in place to engage the Foundation in the selection process of the Foundation scholarship recipients. This equates to a 100% error rate. *(Impact: High)*
H. Walkthrough:

1. **Non-Compliance to LACCD policies and procedures and Industry Best Practices:** There is a lack of segregation of duties as it relates to bank reconciliations, check issuance, the collection of cash, and accounting and reporting. *(Impact: High)*

2. **Non-Compliance to LACCD policies and procedures and Industry Best Practices:** The Foundation does not make daily deposit to the bank when cash are received. *(Impact: High)*

G. Conflict of Interest:

1. **Non-Compliance to State Laws and LACCD Policies and Procedures:** The Foundation does not require board members and/or any other employee(s) in management to complete conflict of interest forms. This equates 100% error rate. *(Impact: Considerable)*

E. Budget vs. Actual

1. **Non-Compliance to Best Practices, LACCD and Foundation policies and procedures:** The Foundation’s budget does not include the restricted funds that are part of the Foundation’s general operation. This equates to an error range of 61% to 63% error rate. *(Impact: Moderate)*

2. **Non-Compliance with LACCD Policies and Procedures:** The Foundation’s budget was over and/or under Budgeted for the audit period and the budget was an unrealistic budget. This equates to an error range of 33% to 101% error rate. *(Impact: Moderate)*

3. **Non-Compliance to LACCD Administrative rule:** Revenue amount noted on the budget and actual document were reported as net income. This equates to a 34% error rate. *(Impact: Moderate)*

Management Action Plans and Completion Dates:

A. Procurement

a. The Foundation will amend the 1099s for gift card payments. *(1/20/14)*

b. The foundation will develop policies and procedures that will indicate purchases that are allowable for the Foundation and in addition examples should be noted for unallowable purchases. Strengthen controls over the procedures for obtaining approval prior to procuring items/services by utilizing a purchase request form that is approved by the authorized individual. The College and the Foundation conduct training for all Foundation employees on the policies and procedures for procuring items. A self-audit should be conducted to ensure compliance with policies and procedures. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood policies and procedures. *(1/2014)*

c. The Foundation will follow all recommendations noted: The Foundation will implement policies and procedure that will require the Foundation Board to review/approval and/or
ratify all credit card expenses/purchases. The Foundation will reject all “Disbursement Authorization/Credit Card Authorization Forms” that are not signed by the appropriate approver. The Foundation will strengthen their approval process by implementing written policies and procedures that will require that the Director of the Foundation’s credit transaction be approved by the chairman of the Foundation Board or the ELAC Vice President of Administrative Services. The Foundation and the College will provide training to all employees responsible for complying with procurement policies and procedures. Receipt of acknowledgement will be provided and documented to ensure that all employees have read and understood policies and procedures. An employee accountability clause will be incorporated into the policies and procedures. A self-audit will be conducted twice a year which will include a Board Director, Vice President of Administrative Services and staff. Staff meetings and comprehensive trainings have been conducted during the auditing period. Although policies and procedures are currently in place, they will be reviewed, improved and enforced. (1/2014)

d. The Board ratification of credit card expenses will be presented at each board meeting. Staff training has occurred and will occur with anyone in possession of an issued Foundation credit card. The current College President and Vice President of Workforce Education will be issued a credit card when internal audit is complete. The new process and training will be shared with all users and staff (1/2014)

e. The Foundation will cease the practice of paying employees via credit card usage. The Foundation ensure to code compensation correctly by using the College/District Payroll department and/or a CPA. Information received from these sources must be requested in writing. The ELAC Foundation will utilize the Quick book 1099 feature and set up a vendor/individual as eligible for Form 1099-MISC (also known in QuickBooks as a 1099 vendor) and assign the accounts ELAC uses to pay that vendor to the appropriate box or boxes on the Form 1099-MISC. When the 1099 feature is off, a vendor or individual cannot set be up. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures regarding record retention. An employee accountability clause will be incorporated into the policies and procedures. (1/2014)

B. Revenue and Cash Receipts

a. The Foundation will: Train and assign one person to be responsible for all silent auction items. A log of all silent auction items was created by the SFP Specialist in 2013. That list will be forwarded to the shared drive in order to allow Foundation Development Assistant access. The Vendor’s unsold items were never in the possession of the Foundation thus were not recorded. The use of vendors will be taken to the Board for review. (01/2014)
b. The Foundation will process for close out at end of the day and will be implemented per recommendation. Cash will not be accepted in the office in the future. (01/2014)

c. The Foundation is migrating to an accounting system from QuickBooks for Non-profits to Raiser’s Edge/Financial Edge which is a more sophisticated software program that will fully integrate all accounting funds and donor information. It is complex and will take some training but while we are in transition, we will implement the recommendation to utilize more functionality of the QuickBooks for non-profits for daily records. (01/2014)

C. Bank Reconciliations
   a. The Dean of Resource and Institutional Development will sign and date all reconciliations. The Accountant will create the timeline and set procedures in place for the SEP Technician Self-audit will be requested from the Foundation Board Treasurer and/or College Fiscal Administrator twice a year. (12/2013)

D. Transfer of Funds
   a. Due to large grants that are funded through a reimbursement process, the Foundation needs to support the program fiscally. Loans are made to the Grant and then reimbursed when the funds arrive. Although the Dean or Resource and Institutional Development sign the transfer, the Foundation implements additional strategies. First, the Board of Directors will approve acceptance of all grants that run through the Foundation. A projection of funds to be borrowed will be reported. Approval from the Board of Directors to sign off on those transfers will be requested. A loan document will be produced rather than utilizing the usual Disbursement Authorization request form. It will be created in order to exhibit the actual loan date, amount, account and date when the loan was repaid. Additionally, a list of all bank transfers, along with other fiscal reports, will be presented to the Board of Directors at the regular scheduled monthly meetings for ratification. (12/2013)

E. Scholarships
   a. The Foundation’s Board of Directors will certify all scholarship awards. Self-audits will be executed 2 times a year. (01/2014)

b. The list of all scholarship recipients for the 2013 fall semester award through Next Gen Scholarship management system was presented to the Board of Directors for adoption at the November board meeting. For all other scholarship selections occurring without the assistance of Next Gen, will be requested the signed committee selection and rubric forms, supporting documents, and applications. (11/2013)

F. Walkthrough
a. The Dean of Resource and Institutional Development will request additional support for Foundation staff. The Foundation will secure additional accounting support for special projects as well as get advisement from Administrative Vice President, Chief Financial Officer, and the Board Treasurer. We will conduct self-audits twice annually to review the policies and procedures (12/2013)

a. The Foundation will: implement a policy to deposit daily which can be easily executed as the Foundation has a remote check deposit machine, a credit card system and an online donation program. Cash will no longer be accepted in the Foundation office. The Foundation will increase the staff development and training. All Foundation support staff will be trained in new procedure and ordering of equipment and software that will improve the accounting and donor management systems. The Board Chair, Vice President of Administrative Services, College President, and Dean of Resource and Institutional Development/Executive Director will be approved signors and responsible for all accounts. New signors were adopted at the at the October 2013 board meeting. (12/2013)

G. Conflict of Interest
   a. The Board of Directors was informed, via electronic mail, with an attachment to renew their conflict of interest policy statements. The Board will be asked to review and sign the Conflict of Interest Policy annually. Board contract terms of service is three years and are recorded in the Foundation files. (12/20/13)

H. Budget vs. Actual
   a. Corrective action is to include both restricted and unrestricted revenues and expenditures in monthly meetings. (12/2013)

   b. The Executive Director and Accountant will start the Annual budget process in advance of the beginning of the Fiscal Year so that the Board will have enough time to review and approve the budget before the start of the Fiscal Year. The Accountant will provide prior year’s balance and variance analysis as a starting point of the process. The Executive Director involve program and Board Finance Committee develop funding and contribution revenue projection. Monthly budget vs. actual report has been proved to the Board. Presented at the September 2013 board meeting. Amendments occurred in November and December 2013. (12/2013)

   c. Based on the IAD recommendation, separate revenue and expense line items will be incorporated in the budget to show the revenue separate from related expenses. (01/2014)
Signatures:

Marvin Martinez, President

Date: 1/17/14

Tom Furukawa, Vice President, Administration Services

Date: 1/17/14

Cc: Adriana Barrera, Interim Chancellor
    Budget and Finance Committee, LACCD Board of Trustees
    Raymond Cheng Foundation Board Chair, ELAC Foundation
    Camille Goulet, General Counsel
    Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/CRMA/MBA, Director of Internal Audit
LaSchanda Johnson, MBA, Auditor
Los Angeles Community Colleges District

Report No. H-03-1314
Executive Summary

Audit: Los Angeles Harbor College – Foundation Audit

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

Audit Report Date: December 31, 2013

Audit Period: July 1, 2010 through March 31, 2013

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>17</td>
</tr>
<tr>
<td>Considerable</td>
<td>01</td>
</tr>
<tr>
<td>Moderate</td>
<td>02</td>
</tr>
<tr>
<td>Marginal</td>
<td>01</td>
</tr>
<tr>
<td>Total Issues</td>
<td>21</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal 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.

BACKGROUND
The Foundation is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of The Los Angeles Harbor College (LAHC). The Foundation was established in 1972. The Foundation is governed by a twenty-one (21) member Board of Directors (the Board) that serve as volunteers. The Board drives to provide funds to support the LAHC educational programs. The President of the College serves as an ex-officio member of the board with voting right. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The Foundation mission is to raise and manage funds that contribute to access, excellence and learning benefiting students of LAHC. The Foundation is committed to making higher education attainable for all in the greater Los Angeles community.

The Foundation objectives are:

1. To encourage partnerships between local business and industry and the college,
2. To advocate for excellence and innovation within programs at the college,
3. To serve as ambassadors in the community to promote the goals of the college, and
4. To seek support from individuals, corporations and foundations to ensure educational opportunity for residents in the Community.

In addition to these objectives a board strategic plan was developed for the years 2008 through 2013, and listed below are some of the activities that were identified to help aid LAHC Foundation fulfill its mission:

1. Enhance Financial Support to the Campus
2. Enhance communications to Strengthen Trust and Loyalty
3. Strengthen Administrative Management and Accounting Abilities
4. Improve governance and Board Membership
5. Provide services to the faculty such as the processing of departmental scholarships, marketing events held on campus, obtaining permits, providing the insurance and obtaining the necessary security needs.

The Foundation source of revenue for the period within the audit was generated through donors/grantors. Based on the Foundations general ledger as of June 30, 2013 the Foundation true operating fund is a deficit of $19,510.00.

PURPOSE/OBJECTIVE
The objectives of the audit were to:

- Determine whether the internal control system is functioning as intended;
- Ascertain the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objectives are met; and
- Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations.

SCOPE
The scope of this audit included a review of processes and procedures of the Foundation for the period July 1, 2010 through March 31, 2013. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

A. Policies and Procedures
   1. Non-compliance to LACCD policies and procedures: The Foundation did not have policies and/or procedures to guide their decision making for day-to-day operations. (*Impact: High*)

B. Procurement
   2. Non-compliance with LACCD policies and procedures: Expenditures were not properly approved. (*Impact: Considerable*)

C. Banking
   3. Non-compliance with LACCD policies and procedures: The reconciliation performed lacked the attributes to solidify the timeliness and accuracy of the bank reconciliations. (*Impact: High*)

D. Scholarship Distribution
   4. Non-compliance with LACCD policies and procedures and best practices: The Foundation does not require the list of scholarship recipients to be sent to the Foundation Board for ratification. (*Impact: High*)
   5. Non-compliance with LACCD policies and procedures and best practices: The Foundation documentation supporting the scholarship selection process was inadequate. (*Impact: Moderate*)

E. Walkthrough
   6. Non-compliance with LACCD policies and procedures: The Foundation is acting as a bank and providing bookkeeping/accounting services for the LAHC academic departments. (*Impact: High*)
   7. Non-compliance to LACCD policies and procedures: The Foundation fund is commingled with the non-related Foundation funds thereby creating a misrepresentation of the total funds available to the Foundation for its operation. (*Impact: High*)
   8. Non-compliance with LACCD policies and procedures: The Foundation has an unmanaged investment account(s). The financial leverage is inefficiently and ineffectively managed. (*Impact: High*)
   9. Non-compliance to LACCD policies and procedures: The Foundations budget has not been monitored as due diligence was not performed in monitoring the budget and/or actual costs associated with operating the Foundation. (*Impact: High*)
   10. Non-compliance to LACCD policies and procedures and Industry Best Practices: The Foundation does not deposit cash collections to the bank timely as the deposits are made on a bi-weekly basis. (*Impact: High*)
   11. Non-compliance with LACCD policies and procedures: The Foundation board does not have a process to approve and/or ratify payments made for services or items purchased. (*Impact: High*)
   12. Non-compliance to LACCD policies and procedures: The lack of segregation of duties was noted within several Foundation activities associated with Cash Collection and Deposit, Procurement process, and Accounting. (*Impact: High*)
13. Non-compliance to LACCD policies and procedures: There were internal control weaknesses with the safeguarding of assets for the LAHC Foundation. (Impact: High)

14. Non-compliance with LACCD policy and procedure: Privacy information such as credit card numbers and drivers licenses was not properly secured. (Impact: High)

15. Non-compliance with LACCD policy and procedures: Conflict of interest forms were not completed by the Foundation Board Members and other individuals of the Foundation that are required to submit a conflict of interest disclosure forms. (Impact: High)

16. Non-compliance with LACCD policies and procedures: There are internal control weaknesses within the Foundation operation associated with maintaining the required supporting documentation to validate payments made and cash receipts. (Impact: High)

17. Non-compliance with LACCD policy and procedures: The Board members were not meeting their required annual giving obligations. (Impact: High)

18. Non-compliance to LACCD policies and procedures: Four of Signers to the LAHC Foundation bank accounts were not current members of the Foundation organization. (Impact: High)

19. Non-compliance with LACCD policy and procedure: A master donors list with demographic information and report of all donations and gifts was not kept. (Impact: High)

20. Non-compliance with LACCD policy and procedures: There are internal weaknesses with the reporting of Foundation hours worked by the LAHC employee charged to the District. (Impact: Moderate)

Management Action Plans and Completion Dates:

A. Policies and Procedures
   1. Establish a policy and procedures manual during board retreat that are necessary in running an effective and efficient Foundation. (January 2014).

B. Procurement
   2. Executive committee of the Board will meet in closed session to review any expenditure prior to approval by the full board at the regularly scheduled board meeting dates. (June 2014)

C. Bank Reconciliations
   3. The Foundation Board will establish bank reconciliation policies and procedures for transitions related to foundation business. (January 2014)

D. Scholarships
   4. The scholarship selection committee of the Foundation Board will draft evaluation and award criteria for approval by the Foundation Board for all Scholarships awarded. (June 2014)
   5. The Foundation Board will review and approve all recommendations of the Scholarship at the board meeting held prior to the award of scholarships. (June 2014)
E. Walkthrough

6. All Foundation banking and bookkeeping will be handled by the Business Office in accordance with District policy and procedures. (February 2014)

7. All accounts that are not Foundation related will be transferred into the department’s college account which will be managed by the college Business office according to District policies and procedures. (January 2014)

8. The Foundation Board will establish a subcommittee for financial investments that will report to the board on a quarterly basis. (June 2014)

9. The Foundation Board will seek advice from a financial professional on what money is available to be used for operating expenses of the foundation. The board will utilize this information to establish the annual operating budget. (March 2014)

10. The armored truck picks up cash once a day from the Business Office and will pick up Foundation deposits in compliance with District policies & procedures and best practices. (January 2014)

11. The Foundation Board will as part of its policies and procedures manual establish guidelines for approval of expenditures. The policy will include dollar thresholds that require board approval prior to incurring expenses. (June 2014)

12. The College will hire an additional Accounting Technician for the Business Office to support the Foundation. The Foundation will be responsible for reimbursement of 50% of the salary in compliance with District policy. (January 2014)

13. All assets for the LAHC Foundation will be moved to the College Business Office where there are security cameras and a vault for safe keeping. In addition, the armored truck picks up cash once a day from the Business Office. (January 2014)

14. All credit card information will be written on a separate form and destroyed after processing. (January 2014)

15. The conflict of interest board policy will require that all Board members who wish to remain on the Board of the Foundation will sign a current form each fiscal year at the first regularly scheduled meeting of the board. (February 2014)

16. The Foundation Board will establish a policy and procedure for procurement, cash handling and receipts of goods and will request monthly expenditures and revenue reports from the admin services division. (June 2014)

17. The Foundation Board will establish a policy for enforcing the annual giving obligations and will annually provide a status update to the entire Board regarding the status. (July 2014)

18. The Foundation Board will review who has access to financial accounts on an annual basis no later than the second general board meeting. (June 2014)

19. The foundation Board will establish policies and procedures for the acceptance of gifts and tracking of such gifts and will also explore software that allows for the better tracking of gifts and donations made to the college. (June 2014)

20. The employee assigned Foundation duties will identify time related to Foundation activities accordingly. (November 2013)

21. The Foundation in its policy will require that a review of who has access to accounts be completed on an annual basis no later than the second regularly scheduled board meeting. (June 2014)
Signatures:

Farley Herzek, Interim College President  
Date: 1/8/14

Dr. Ann Tomlinson, Vice President, Administrative Services  
Date: 1-8-14

Cc: Adriana Barrera, Interim Chancellor  
   Budget and Finance Committee, LACCD Board of Trustees  
   Trini Jimenez, LAHC Foundation Board Chair  
   Camille Goulet, General Counsel  
   Jeanette Gordon, Chief Financial Officer/ Treasurer

**Audit Team:**
Arnold Blanshard, CPA/CRMA/MBA, Director of Internal Audit  
Tiffany Britt, CFE, Auditor

H-03-1314  
Page 6 of 6
grants to the Foundation. The Foundation host fund raising events to raise funds for the purposes of supporting the college and awarding scholarships.

The Foundation source of revenue for the period within the audit was generated through donors/grantors and fund raising events such as the Springfest and the Olive Festival. In Fiscal Year 2010/11 and 2011/2012 the Foundation reported income in the amount of $99,427.14 and $27,086.27 respectively. Additionally, the foundation supported student success by issuing scholarships.

**PURPOSE/OBJECTIVE**

The objectives of the audit were to:

- Determine whether the internal control system is functioning as intended;
- Ascertained the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objectives are met; and
- Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations

**SCOPE**

The scope of the audit included a review of processes and procedures of the Foundation for the period July 1, 2010 through June 30, 2013. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

**Major Issues Identified:**

**A. Procurement**

1. **Non-compliance with LACCD policies and procedures, Foundation procedures, and best practices:** A potential fraud was noted in the examined. A Board Member of the Foundation wrote three checks payable to “CASH”. These three checks totaled $9,956.24. *(Impact: High)*

2. **Non-compliance with LACCD policies and procedures and best practices:** Purchase of items/services for use of the Foundation does not go through a purchase requisition process. This equated to a 58% error rate and dollar error totaled $105,330.17. *(Impact: High)*

M-04-1314
Audit: Los Angeles Mission College Foundation Audit

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

Audit Report Date: November 30, 2013

Audit Period: July 1, 2010 through June 30, 2013

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>14</td>
</tr>
<tr>
<td>Considerable</td>
<td>04</td>
</tr>
<tr>
<td>Moderate</td>
<td>06</td>
</tr>
<tr>
<td>Marginal</td>
<td>00</td>
</tr>
<tr>
<td>Total Issues</td>
<td>24</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal 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.

BACKGROUND

The Foundation is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of the Los Angeles Mission College (LAMC). The Foundation is governed by a seven member Board of Directors that drives to provide funds to support college educational programs. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The mission and goals of the Foundation are:

1. “To raise funds and provide stewardship for funds already raised, through annual scholarship drives, special events, grant applications and business partnerships.

2. To provide a local financial support system to needy and deserving students entering and continuing their education at Mission College”, and

3. To improve the quality of life in the community by providing support for individuals from diverse backgrounds to pursue quality accessible educational programs and services.

The Foundation is involved with establishing public relations with individuals and businesses within the community of the college which will then facilitate these businesses to make financial donations and
3. **Non-compliance with LACCD policies and procedures, Foundation procedures, and best practices:** Expenditure request forms were not provided for review. This equated to a 50% error rate and dollar error amount totaled $76,709.29. *(Impact: High)*

4. **Non-compliance with LACCD policies and procedures, Foundation procedures, and best practices:** There are internal weaknesses with the completion of the check request forms as the forms were not signed and/or dated by the preparer and/or approver. This equated to an error percentages rate range of 38% to 100%. *(Impact: High)*

5. **Non-compliance with LACCD policies and procedures, Foundation procedures, and best practices:** There are internal weaknesses within the Foundation operation as payments are made without proper documentation justifying the expense to be paid and/or funds are used for eligible expenses. This equated to a 39% error rate and the dollar error totaled $60,725.37. *(Impact: Considerable)*

6. **Non-compliance with LACCD policies and procedures, Foundation procedures, and best practices:** IAD noted that there are internal weaknesses with the accounting and reporting process as not all transactions are posted to the Quickbook accounting software. The dollar error amount totaled $4,876.05. *(Impact: Considerable)*

7. **Non-compliance with LACCD policies and procedures, Foundation procedures, and best practices:** The Foundation did not approve payment for items/services. This equated to a 13% error rate and the dollar error amount totaled $20,595.61. *(Impact: Moderate)*

**B. Policies and Procedures**

1. **Non-compliance with LACCD Policies and Procedure:** The Foundation does not maintain an updated internal operation written policies and procedures for all pertinent areas. This equated to 100% error rate. *(Impact: High)*

**C. Revenue and Cash Receipts**

1. **Non-compliance with LACCD and Foundation policies and procedures:** All of the Foundation revenue was not reported in the financial record of the Foundation. The dollar error amount totaled $16,872.66. *(Impact: High)*

2. **Non-compliance with LACCD and Foundation policies and procedures:** IAD was unable to account for inventory of the silent auction items that were not sold. This equated to a 60% error rate and the dollar error amount totaled $500. *(Impact: Considerable)*

**D. Bank Reconciliations**

1. **Non-compliance with LACCD policies and procedures:** Evidence was not provided to substantiate the preparation of bank reconciliations. This equated to a 73% error rate. *(Impact: High)*

2. **Non-compliance with LACCD and Foundation policies and procedures:** There are significant internal weaknesses in the following processes: the review for accuracies, approval, and timeliness of bank reconciliations. This equated to an error percentages rate range of 50% to 100%. *(Impact: High)*

M-04-1314
3. **Non-compliance with LACCD policies and procedures:** The College does not perform due diligence in ensuring that the Foundation bank reconciliations are accurate. This equated to a 100% error rate. *(Impact: High)*

**E. Scholarships**

1. **Non-compliance with LACCD policies and procedures:** There are internal weaknesses within the selection and distribution process of students’ scholarship as there is no evidence to substantiate each scholarship committee member selection and/or the Departmental scholarship selection. Additionally, no procedure manual or documents is maintained to validate the process use for the final selection. This equated to a 100% error rate. *(Impact: High)*

2. **Non-compliance with LACCD policies and procedures:** There is no evidence to substantiate the proper approval of scholarship payments. This equated to a 46% error rate. *(Impact: Considerable)*

3. **Non-compliance with LACCD policies and procedures:** There is no evidence to substantiate that individuals that received scholarships were actually enrolled at LMC. This equates to an 8% error rate and the dollar error totaled $1,266.00. *(Impact: Moderate)*

**F. Walkthrough**

1. **Non-compliance with LACCD policies and procedures and LACCD Board Rule and Policies and Procedures:** The Foundation does not require board members and/or any other employee(s) in management to complete conflict of interest forms. *(Impact: High)*

2. **Non-compliance with LACCD policies and procedures and LACCD Board Rule and Policies and Procedures:** There are internal weaknesses with the safeguarding of assets. *(Impact: High)*

3. **Non-compliance with LACCD policies and procedures:** The Foundation does not create an annual budget for its operation. This equated to a 100% error rate. *(Impact: High)*

4. **Non-compliance with LACCD policies and procedures:** There are internal weaknesses with the Foundation’s process for collecting cash and maintaining the required documentation to validate cash collection. *(Impact: High)*

5. **Non-compliance with LACCD policies and procedures and Industry Best Practices:** The Foundation does not have a maximum amount established for its operating account to allow for a stronger investment portfolio. *(Impact: Moderate)*

6. **Non-compliance with LACCD policies and procedures and Industry Best Practices:** There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting. *(Impact: Moderate)*

**G. Transfer of Funds**

1. **Non-compliance with LACCD policies and procedures and best practices:** Cash was transferred and/or withdrawals were made without proper documentation of authorization.
This equated to a 29% error rate and dollar error amount totaled $40,340.00. (Impact: Moderate)

2. **Non-compliance with LACCD policies and procedures and best practices:** There was no documentation provided to validate the completeness of a wire transfer transaction. This equated to a 20% error rate and the dollar error amount totaled $35,840.00. (Impact: Moderate)

**Management Action Plans and Completion Dates:**

**A. Procurement**
- Implement the recommendations of the Internal Audit Department (IAD). Create policies and procedures manual that will incorporate processes for the procurement process. Create purchase/service request forms for the purchasing function. Provide training to board member and employees. *(Implementation Date: 07/01/2014)*

**B. Policies and Procedures**
- Create a Policy and Procedures Manual. Implement the Manual into the Foundation by having a training session with all board members. *(Implementation Date: 07/01/2014)*

**C. Revenue and Cash Receipts**
- Create a Policy and Procedures Manual. Implement the Manual into the Foundation by having a training session with all board members. *(Implementation Date: 03/01/2014)*

**D. Bank Reconciliations**
- Implement the recommendations of the IAD. Create policies and procedures manual that will incorporate processes. The Foundation will make sure that all volunteers on the Springfest committee and/or other even committees are trained on the said policies and procedures. Work with the College to set meetings to review financials. *(Implementation Date: 07/01/2014)*

**E. Scholarships**
- Implement the recommendations of the IAD. Create policies and procedures manual that will incorporate processes. The Foundation will create a scholarship selection checklist form. *(Implementation Date: 07/01/2014)*

**F. Walkthrough**
- Implement the recommendation of the IAD for all findings. Create policies and procedures manual that will incorporate process. Additionally, The Foundation will:
  - Create conflict of interest forms for board members to sign;
o Set up mail handling procedures with the college to address safeguarding of assets; and
o Ensure that all involved with cash handling procedures are trained. (Implementation Date: 07/01/2014)

G. Transfer of Funds
- Implement the recommendations of the IAD. Create policies and procedures manual that will incorporate processes. The Foundation will create a wire/electronic fund transfer form. (Implementation Date: 07/01/2014)
Signatures:

Monte Perez, President

Date: 12/17/13

Daniel Villanueva, Vice President, Administrative Services

Date: 12/18/13

Cc: Adriana Barrera, Interim Chancellor
    Budget and Finance Committee, LACCD Board of Trustees
    Albert Alvarez, Chairman, Los Angeles Mission College
    Camille Goulet, General Counsel
    Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/CRMA/MBA, Director of Internal Audit
Keyna Crenshaw, Auditor
Audit: Foundation for Los Angeles Pierce College Audit

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

Audit Report Date: January 31, 2013

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>24</td>
</tr>
<tr>
<td>Considerable</td>
<td>03</td>
</tr>
<tr>
<td>Moderate</td>
<td>02</td>
</tr>
<tr>
<td>Marginal</td>
<td>02</td>
</tr>
<tr>
<td>Total Issues</td>
<td>31</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. 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.

BACKGROUND

The Foundation for Pierce College (The Foundation) is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of The Los Angeles Pierce College (LAPC). The Foundation is governed by a ten (10) member Board of Directors that serve as volunteers. The Board of Directors drives to provide funds to support the LAPC educational programs. The President of the College serves as an ex-officio member of the board with voting right. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The Foundation mission is to develop resources and increase public awareness to support the students, educational programs and campus for the benefit of the community served by the college.

The Foundation objectives are to establish public relations with individuals and businesses within the community which will facilitate these businesses to make financial donations and grants to the Foundation. The Foundation main support to the college is providing scholarships geared to assist students in attaining their educational goals. In Fiscal Year 2010/2011, the foundation awarded over $35,000.00 in scholarships.

In addition to the scholarships, the Foundation manages grants to support the Colleges educational programs. In fiscal year 2012, the Foundation managed a $150,000.00 grant that was obtained by the college from the Annenberg Foundation. The grant was to “provide labor cost to
the Agriculture Department to feed and provide water for the animals; to clean animal facilities; and to irrigate the animal pastures at Pierce College."

The Foundation performs management activities for LAPC organizations. These organizations deposit their revenues to the Foundation and pay the Foundation administration fees for each deposit. The Foundation's main source of income is derived from management/administrative fees that are charged to these organizations. Additionally, the Foundation charged administrative fees to the grants operated by the LAPC and managed by the Foundation. In fiscal year 2010/2011 and 2011/2012, the Foundation received management fees in the amount of $119,872.74 and $58,268.74 respectively.

Funds that are obtained by the Foundation are invested into market securities, certificates of deposit, and the California Community Colleges Scholarship Endowments (CCCSE). In Fiscal Year 2010/2011 and 11/12 the Foundation reported interest income from investments of $7,196.00 and $196.00 respectively. The Foundation reported income in the amount of $1,843.00 in fiscal year 2010/2011 and a loss of $105,646.00 in fiscal year.

PURPOSE/OBJECTIVE

The objectives of the audit were to:

- Determine whether the internal control system is functioning as intended;
- Ascertain the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objectives are met; and
- Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations.

SCOPE

The scope of this audit included a review of processes and procedures of The Foundation for the period January 1, 2010 through June 31, 2012. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.
This audit was conducted in accordance with Generally Accepted Government Auditing Standards, General Accepted Auditing Standards, and the Standards for the Professional Practice of Internal Auditing.

**Major Issues Identified:**

**Walkthrough:**

1. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** The Foundation does not have a maximum amount established for operating account to allow for a stronger financial portfolio. *(High)*

   **Management Response:**
   - The Foundation’s Finance Committee will set policies and procedures for: maintaining controls over the bank account provide an analysis of expenses including the amount that should be established, and establish controls over the operating bank account.
   - The Foundation employees will monitor the bank balances on a weekly basis and will establish procedures to notify the Board and the College if the bank account exceeded the established amount.
   - The Foundation staff will be trained and a self-audit will be conducted quarterly to ensure compliance. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood policies and procedures. *(Completion Date: 06/30/2013)*

2. **Non-compliance to the Foundation Agreement:** The Foundation failed to meet its goals and objectives of fund raising. *(High)*

   **Management Response:**
   - The Foundation will develop and implement management strategies to incorporate fund raising activities as part of their core operation and relationships with community leaders, local businesses, etc.
   - The Foundation will provide networking and/or fund raising training/seminars to assist Foundation employees with enhancing fund raising skills. The Foundation staff will conduct a self-audit as needed to ensure compliance with the policy. A receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood the policy. *(Completion Date: June 30, 2013)*

3. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** The Foundation is acting as a bank and providing bookkeeping/accounting services for the LAPC academic departments. *(High)*

   **Management Response:**
The Foundation will develop and implement management strategies to incorporate fund raising activities as part of their core operation. The Foundation will work with the Vice President of Administrative Services to development policies and procedures for the above recommendations. The Foundation staff will be trained and a self-audit will be conducted as needed to ensure compliance. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood policies and procedures. (Completion Date: June 30, 2013)

4. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting. *(High)*

**Management Response:**
- The Foundation does not have the financial resources to hire another person at this time. We will work with Vice President of Administrative Services and the Foundation Board on the issue.
- Refer to the Board & Vice President of Administrative Services to form acceptable policies and procedures for a 2-person office.
- The Foundation will develop policies and procedures regarding the cash operation.
- The Foundation staff will be trained and a self-audit will be conducted weekly to ensure compliance. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood policies and procedures. (Completion Date: June 17, 2013)

5. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** Quickbooks password is not unique to each individual user as the username and password to gain access is the same for the two employees. *(High)*

**Management Response:**
- A unique user password has been provided for all employees that use the software.
- The policies and procedures manual will mandate that each user of the program is assigned a username and password to gain access. Activate Historical Reports feature-check with Crowe (Auditor).

6. The Foundation staff will be trained and a self-audit will be conducted quarterly to ensure compliance. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood policies and procedures. (Completion Date: June 30, 2013)

7. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** Historical reports are not created to monitor changes that are made in the Foundation’s accounting software (Quickbooks) after transactions were originally posted. *(High)*
Management Response:
- The Foundation will work with the outside auditors on this issue.
- The Foundation will develop and implement policies and procedures that will require a review and approval process of reversing and re-posting transactions in Quickbook that exceeds an established dollar amount threshold.
- The employee responsible for posting transactions in Quickbook will maintain a log of dates, times, reasons, and any other supporting documentation that warranted the change in Quick books.
- These documents will be submitted to the Foundation Board and the College for review on a quarterly basis.
- From time to time, management will generate the reports to ensure that changes are supported by the documentation.
- The Foundation staff will be trained and a self-audit will be conducted quarterly to ensure compliance. At the end of the training, a receipt acknowledging all employees have read an understood policies and procedures. (Completion Date: 06/30/2013)

8. **Non-compliance to LACCD policies and procedures and Industry Best Practices**: There are internal weaknesses with the reporting of hours worked by employees as employees are not required to sign timesheets acknowledging hours worked. *(High)*

Management Response:
- The Foundation will develop policies and procedures for proper documentation of working hours.
- A standardized form has been created, and employees are signing their time sheets. These sheets may have to be approved by a third individual.
- The Foundation staff will be trained and a self-audit will be conducted quarterly to ensure compliance. At the end of the training, a receipt acknowledging all employees have read an understood policies and procedures. (Completion Date: June 30, 2013)

9. **Non-compliance to LACCD policies and procedures and Industry Best Practices**: The Foundation does not make daily deposit to the bank when cash are received. *(High)*

Management Response:
- The Foundation will develop and implement procedures and policies regarding the bank deposits, including frequency and amounts.
- The Foundation has utilized a local bank to deposit both cash and checks.
- The Foundation staff will be trained and a self-audit will be conducted monthly to ensure compliance. At the end of the training, a receipt acknowledging will be
provided and documented to ensure that all employees have read an understood policies and procedures. (Completion Date: June 30, 2013)

10. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** The Foundation does not maintain a procurement policy for hiring of an independent contractor.

   **Management Response:**
   - The Foundation will work on the procurement policy for hiring of an independent contractor and will use industry standard to develop a proper policy. *(High)*
   - The Foundation staff will conduct a self-audit as needed to ensure compliance with the policy. A receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood the policy. (Completion Date: June 30, 2013)

**Policies and Procedures:**

1. **Non-compliance with Industry Best Practice:** The Foundation for LAPC (The Foundation) does not maintain an updated internal operation written policies and procedures for all pertinent areas. *(High)*

   **Management Response:**
   - The Foundation will develop a policies and procedures manual, which will depict the procedures and policies that are necessary for running an effective and efficient Foundation.
   - The Foundation staff will be trained on all the processes and procedures documented in the manual. The Foundation staff will also have to learn about the consequences of failure to adhere to policies and procedures. A yearly validation process will be implemented for the policies and procedures, which will determine that all procedures within The Foundation are fully documented. (Completion Date: December 31, 2013)

**Procurement:**

1. **Non-compliance to LACCD policies and procedures and best practices:** Items were purchased prior to approval. There were three strataums examined which resulted in an average of 75% error rate. *(High)*

   **Management Response:**
   - The Foundation and the College will write and implement policies and procedures that require all requests for expenditures to be approved prior to placing orders and/or accepting delivery of items and/or services.
   - The Foundation has created a new request for funds form that will improve controls over the procedures for obtaining approval prior to procuring items/services by utilizing
purchase request forms. Two more signatures are required from a Dean and a Vice President to approve the purchases.

- In the policies and procedures, the expenses for grant and the Foundation operations will be ratified by the Foundation Board. (Completion Date: March 13, 2013)

2. **Non-compliance to LACCD policies and procedures and best practices:** There are internal weaknesses within the Foundation operation as payments are made without proper documentation justifying the expense to be paid and/or funds are used for eligible expenses. There were three stratums which resulted in an average of 41% error rate. *(High)*

**Management Response:**

- The Foundation and the College will implement written policies and procedures that will require that all request for payments are to be accompanied with documentation, such as invoices, timesheets, contracts, and any other concrete documentation that justify the amounts to be paid.

- The Foundation has created a request for funds form that depicts proof that the purchases are within the allowable expense guidelines of the grant and/or the restricted fund account. All the accompanying documentation will be maintained with due diligence. All the payments for any requests are not supported by valid documentation will be rejected.

- In the policies and procedures, the expenses for grant and the Foundation operations will be ratified by the Foundation Board.

- Based on these policies, a training session will be scheduled which shall include a self-audit process and all employees will sign showing that they have read and understand the policies and procedures. (Completion Date: June 30, 2013)

3. **Non-compliance to LACCD policies and procedures and best practices:** Duals signatures were not denoted on checks that exceeded $1,500.00. There were three stratums examined which resulted in an average of 50% error rate. *(High)*

**Management Response:**

- The Foundation will re-establish the previous policy, and the Foundation staff will validate that two signatures are always present on the checks that exceed $1,000.

- The Foundation staff received training on procurement policies and procedures (written policies and procedures are to follow).

- A self-audit will be conducted once per month to ensure compliance with policies and procedures. (Completion Date: June 30, 2013)

4. **Non-compliance to LACCD policies and procedures:** There is no evidence to substantiate that credit card and/or bank charge card transactions/statements were reviewed and approved. This resulted in a 100% error rate and the total amount of purchased charged to the credit card totaled $167,952.68. *(High)*
Management Response:
- The credit card statements are being approved, signed and dated directly on the credit card statement.
- The Foundation will create and implement policies and procedures for reviewing credit card statements, and a reprimand clause will be incorporated into them to ensure accountability.
- The Foundation staff will perform a self-audit to ensure compliance with policies and procedures and corresponding training will be conducted. At the end of the training, the receipts of acknowledgement will be provided and documented to ensure that all employees have read and understood policies and procedures. (Completion Date: June 30, 2013)

5. Non-compliance to LACCD and Foundation policies and procedures: Expenditure request forms were not provided for review. There were three stratums examined which resulted in an average of 25% error rate. (Considerable)

Management Response:
- The Foundation and the College will write and implement policies and procedures that require all requests for expenditures to be documented on the Request for Funds form.
- The Foundation staff will be trained and a self-audit will be conducted on daily basis to ensure compliance. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood policies and procedures. (Completion Date: June 30, 2013)

6. Non-compliance to LACCD and Foundation policies and procedures: Expenses were not properly approved. There was an average of 40% error rate for all three stratums. (Considerable)

Management Response:
- The Foundation will develop and implement written policies and procedures that require all requests for expenditures to be approved by the Department Chairs or the Vice President of Administrative services for those expenses that are associated with request for funds for Class and Departmental Scholarship accounts.
- The Foundation has already created a Request for Funds form with all required signature lines. The Foundation will reject all requests that are not signed properly.
- The Foundation staff will be trained and a self-audit will be conducted on daily basis to ensure compliance. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood policies and procedures. (Completion Date: June 30, 2013)

Revenue and Cash Receipts:
1. **Non-compliance to LACCD and Foundation policies and procedures:** The Foundation’s overstated the revenue reported on their general ledger and Income Statement for the fiscal year ending 2011 and 2012. (High) Details are as follows:

   a) The Foundation incorrectly posted revenue associated with the Farm by reporting the total revenue from the farm as Farm revenue and then took 25% shared percentage ($39,900) from the total farm revenue and reported this amount as revenue to the Foundation. However, this overstatement had zero effect on the net income reported as the $39,000.00 was reported as expenses to the Foundation.

   b) The Foundation posted repayment of a loan as revenue to the Foundation as opposed to reporting an increase in one asset (Cash) and a decrease in another asset (receivable). The inaccurate posting of all repayment of loans associated with General account number 4547 resulted in an overstatement of revenue in the amount of $21,505.01 for fiscal year 2011.

   c) The Foundation utilizes General Account number 4700 identified as “Transfer/Exchange” to record the transfer of money from one bank account to another. IAD noted the Foundation is reporting this account as revenue. The incorrect reporting of this account resulted in an overstatement of revenue in the amount of $20,873.38 for fiscal year ending 2012.

   d) The Foundation reported $10,000.00 in general account number 4452 identified as Advance from Foundation as revenue for fiscal year ending 2011. The $10,000.00 did not have an effect on the net income as IAD noted that there was a corresponding $10,000.00 expense identified in account number 5252 Advance to Farm Center.

**Management Response:**

- The Foundation has implemented a review and approval prior to the posting of journal entries. The reviewer checks that all sufficient documentation to support the journal entries present and that the journal entries are correct – at the end of a day.

- Employees have been trained on policies and procedures for financial reporting, accounting, and sound business practices. A self-audit is being conducted to ensure compliance with policies and procedures. Written policies and procedures will follow. (Completion Date: June 30, 2013)

2. **Non-compliance to LACCD and Foundation policies and procedures:** The Foundation does not account for receipts in a daily cash receipts ledger or similar report. (High)

**Management Response:**

- The Foundation is maintaining cash log of daily cash/check collection activities. A sequential receipt is being provided and processed for all cash/check collections at the time when a collection is accepted.

- A dual cash count is performed at the end of the day and reconciled with the daily cash/check log. A form for the daily deposits with the collection and the deposit date has been created.
Los Angeles Community Colleges District  
The Foundation for Pierce College Audit  
January 31, 2013

- The Foundation is now utilizing a local bank.
- Policies and procedures with the conditions for cash collections will be created.
- The employees have been trained to perform a correct cash collections and deposits. Written procedures and policies will be developed.
- A self-audit is conducted once per week to ensure compliance with policies and procedures. Receipt of acknowledgement that all employees read and understood policies and procedures will be provided and documented. (Completion Date: June 30, 2013)

**Bank Reconciliations:**

1. **Non-compliance to LACCD policies and procedures:** The College does not perform due diligence in ensuring that the Foundation bank reconciliations are accurate. This equates to a 100% error rate. *(High)*

**Management Response:**
- The Foundation will work with the Vice President of Administrative Services to determine the types of reports and level of frequency which will be necessary to ensure the accuracy of reconciliations. Once this schedule has been developed it will become a normal operational procedure. The annual reports are included in our yearly Audited Financial Report. The Foundation will schedule a training session to review the new established procedures. (Completion Date: June 30, 2013)

2. **Non-compliance to Best Practices LACCD policies and procedures:** The bank reconciliations were not dated by the approver. This equates to 100% error rate. *(Moderate)*

**Management Response:**
- All reconciliations are now signed and dated by the individual reviewing the report. This procedure shall be included in the policy and procedure manual.
- The Foundation will create policies and procedures for the bank reconciliation process – Based on these policies, a training session will be scheduled. (Completion Date: June 30, 2013)

**Transfer of Funds:**

1. **Non-compliance to LACCD policies and procedures and best practices:** Cash was transferred between bank accounts without proper documentation of authorization. The total amount of cash for the 31 transactions reviewed totaled $1,754,324.84. *(High)*

**Management Response:**
- The Finance Committee will review and make suggestions to establish the policies and procedures for all cash transfers of funds, via wire transfer or checks that exceed $1,000.00.
Los Angeles Community Colleges District  
The Foundation for Pierce College Audit  
January 31, 2013

- A transfer form will be created which will include name of the requestor, the amount of fund transfer requested, the reason for the request, the bank account that the money will be drawn from and the bank account the money will be transferred to.

- The Foundation staff will be trained and a self-audit will be conducted quarterly to ensure compliance. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read an understood policies and procedures. (Completion Date: June 30, 2013)

**Petty Cash:**

1. **Non-compliance to LACCD and Foundation policies and procedures:** There are internal weaknesses associated with the accounting, reporting, and replenishing of the Foundation petty cash fund. *(High)*

**Management Response:**

- Recommended policies and procedures will be developed within the next six months.

- The account in the Business Office has been closed and the necessary journal entries have been made to reflect the deposit of cash. Petty cash counted & entered into the proper General account ledger.

- Periodic, surprise counts of the petty cash fund by someone other than the custodian and the Treasurer will be included in the future policies and procedures.

- A self-audit to ensure compliance with policies and procedures and employee training will be conducted by the Foundation. At the end of the training, a receipt of acknowledgement will be provided and documented to ensure that all employees have read and understood policies and procedures.

**Scholarships:**

1. **Non-compliance to LACCD policies and procedures and best practices:** IAD was unable to reconcile the scholarship committee selection list of scholarship recipients with the Foundations distribution of scholarships for Fiscal Year 2011. *(High)*

**Management Response:**

- The Foundation will develop policies and procedures for scholarship selection and approval process. The Foundation will perform an appropriate training to all employees associated with the operation of this process, and a receipt of acknowledgement will be provided and documented at the end of the training. A self-audit will be conducted annually to ensure compliance with policies and procedures.

2. **Non-compliance to LACCD policies and procedures and best practices:** There are internal weaknesses within the selection process of students’ scholarship as there is no evidence to substantiate each scholarship committee member selection and/or the Departmental scholarship
selection. Additionally, no procedure manual or documents is maintained to validate the process use for the final selection. *(High)*

**Management Response:**
- The Foundation and the scholarship committee will develop policies and procedures to process and document scholarship selections and the approval procedure.
- The Foundation will require the departments to provide evidence of their scholarship selection process prior to the issuance of checks to students.
- The Foundation will perform an appropriate training to all employees associated with the operation of this process, and a receipt of acknowledgement will be provided and documented at the end of the training. (Completion Date: June 30, 2013)

3. **Non-compliance to Foundation and LACCD policies and procedures and best practices:**
   The Foundation does not present a list of scholarship recipients to the Foundation Board for ratification. *(High)*

   **Management Response:**
   - The Foundation Board will form a scholarship committee which will develop policies and procedures relating to the approval of scholarships, and what supporting documentation represents proper documentation.
   - The Foundation will perform appropriate training to all employees associated with the operation of this process, and a receipt of acknowledgement will be provided and documented at the end of the training. (Completion Date: June 30, 2013)

**Conflict of Interest:**

1. **Non-compliance to Foundation policies and procedures and Best Practices:** The Foundation does not maintain updated conflict of interest disclosures from Board members. *(High)*

   **Management Response:**
   - Foundation will work with the Vice President of Administrative Services to implement the acceptable policies and procedures pertaining to conflict of interest. Once these procedures are in place a training session will occur. (Completion Date: June 30, 2013)

2. **Non-compliance to Foundation policies and procedures:** There is no evidence to substantiate that the conflict of interest disclosure statement forms were reviewed and approved. This equated to an 100% error rate. *(High)*

   **Management Response:**
   - Foundation will work with the Vice President of Administrative Services to implement the acceptable policies and procedures relating to reviewing of conflict of interest disclosure forms. Once these procedures have been established training will occur to
insure that the process is documented and maintained. (Completion Date: June 30, 2013)

3. **Non-compliance to Foundation policies and procedures and Best Practices**: Conflict of interest forms were not completed by individuals that were required to submit conflict of interest disclosure forms. This equated to a 25% error rate. *(Moderate)*

**Management Response:**
- Policies and procedures will be created which shall mandate all required individuals to complete a conflict of interest disclosure form on an annual basis.
- The College and the Foundation will provide adequate training regarding the policies and procedures. At the end of the training the receipt of acknowledgement will be provided and documented to ensure that all employees have read and understood the policies and procedures.
- The College and the Foundation will be conducting self-audits at the end of a fiscal year to ensure that conflict of interest disclosures forms are completed annually and maintained.

**Budget vs. Actual:**

1. **Non-compliance to Best Practices, LACCD and Foundation policies and procedures:**
   There were significant variances between the budgeted and the actual amount of operating expenses for the Foundation. *(Considerable)*

**Management Response:**
- The Foundation is no longer involved with the Farm. For the future involvement in the programs, we will work with the College Vice President, Rolf Schleicher, to create the policies and procedures to ensure proper budgeting and oversight practices and frequency or reporting.
- Training to all employees associated with the operation of this process and self-audit will be conducted.
Signature:

Kathleen Burke-Kelly, President

Date: 2/21/2013

Rolf Schröder, Vice President, Administrative Services

Date: 2/21/13

cc: Daniel LaVista, Chancellor
    Finance and Audit Committee, LACCD Board of Trustees
    Executive Committee, Foundation for LAPC
    Adriana Barrera, Deputy Chancellor
    Camille Goulet, General Counsel
    Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/MBA, Director of Internal Audit
Keyna Crenshaw, Auditor
Los Angeles Community Colleges District

Report No. S-02-1314
Executive Summary

Audit: Los Angeles Southwest College - Cash Control Audit

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

Audit Report Date: October 31, 2013

Audit Period: July 1, 2010 through March 31, 2013

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>12</td>
</tr>
<tr>
<td>Considerable</td>
<td>02</td>
</tr>
<tr>
<td>Moderate</td>
<td>04</td>
</tr>
<tr>
<td>Marginal</td>
<td>00</td>
</tr>
<tr>
<td>Total Issues</td>
<td>18</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal 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.

BACKGROUND
The Foundation is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of The Los Angeles Southwest College (LASC). The Foundation was founded in 1985. The Foundation is governed by a nine (9) member Board of Directors (the Board) that serve as volunteers. The Board drives to provide funds to support the LASC educational programs. The President of the College serves as an ex-officio member of the board with voting right. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The Foundation mission is to provide resources for programs and scholarships directly benefiting students of LASC. The Foundation is committed to making higher education attainable for all in the greater Los Angeles community.

The LASCs Foundation was operated solely by LASC President from 2005-2012. In November 2012 the LASC hired a Foundation Director on a Provisional basis to help the Foundation in meeting its objective and goals. The first step to this was the development of the Board Strategic plan. The Board strategic plan was developed in June, 2012 and listed below are some of the activities that have been identified in the plan that will help aid LASC Foundation fulfill its mission:

1. Partners with off campus entities to raise funds,
2. Partner with local community to raise funds,

3. Established an Alumni Association to assist with raising funds for the Foundation, and

4. Provide services to the faculty such as the processing of departmental scholarships, marketing events held on campus, obtaining permits, providing the insurance and obtaining the necessary security needs.

The Foundation source of revenue for the period within the audit was generated through donors/grantors. In Fiscal Year 2010/2011 and 2011/2012 the Foundation operated with a gain of $294,977.00 and a loss of $211,497.00 respectively.

**PURPOSE/OBJECTIVE**

The objectives of the audit were to:

- Determine whether the internal control system is functioning as intended;
- Ascertain the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objectives are met; and
- Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations.

**SCOPE**

The scope of this audit included a review of processes and procedures of the Foundation for the period July 1, 2010 through March 31, 2013. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

**Major Issues Identified:**

**A. Policies and Procedures**

1. **Non-compliance with Industry Best Practice:** The Foundation for LASC does not maintain an updated internal operation written policies and procedures for all pertinent areas. This equates to an error rate of 100%. *(Impact: High)*
B. **Revenue and Cash Receipts**

1. **Non-Compliance to LACCD policies and procedures:** The Foundation does not account for receipts in a daily cash receipts ledger or similar report.  *(Impact: High)*

2. **Non-Compliance to LACCD policies and procedures:** The Foundation does not make daily deposit to the bank when cash or checks are received. This equates to a range of 81% to 100% error rate. *(Impact: High)*

C. **Bank Reconciliations**

1. **Non-Compliance with LACCD Policies and Procedures:** The budget summary performed lacks the necessary attributes consistent with bank reconciliation. This equates to an error rate of 100%. *(Impact: High)*

D. **Transfer of Funds**

1. **Non-Compliance with LACCD Policies and Procedures:** The LASC Foundation was without a bank account from March 8, 2011 to March 25, 2011. This equates to a 100% error rate. The total amount of cash for the two transactions totaled $330,809.90 *(Impact: High)*

2. **Non-compliance with LACCD policies and procedures:** The cashier’s check that was issued from LASC foundation to establish a new bank account was made payable to the College president as opposed to the college foundation. This equates to a 100% error rate. *(Impact: High)*

E. **Budget vs. Actual**

1. **Non-Compliance to LACCD policies and procedures:** The Foundation does not create an annual budget for its operation. This equates to an error rate of 100%. *(Impact: High)*

2. **Non-compliance with LACCD policy and procedure:** Due diligence was not exercised in monitoring the Foundation financial position. There was no budget established for allocation of actual expenditures. The Foundation expenses exceeded revenue, causing the Foundation to operate at a loss (Fiscal Year) F/Y 2011/2012. *(Impact: High)*

F. **Walkthrough:**

1. **Non-compliance to LACCD policies and procedures:** There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting. *(Impact: High)*

2. **Non-compliance to LACCD policies and procedures:** Inadequate accounting system is used to record the financial transactions of the LASC Foundation. *(Impact: High)*

3. **Non-compliance to the Foundation Agreement:** The Foundation failed to meet its goals and objectives of fund raising. *(Impact: High)*

4. **Non-compliance to LACCD policies and procedures and Industry Best Practices:** The Foundation does not have a maximum amount established for operating account to allow for a stronger investment portfolio. *(Impact: Moderate)*
G. **Procurement**

1. **Non-compliance to LACCD and Foundation policies and procedures:** There was no documentation and/or information to ascertain the requestor of the expenditure. This equates to a range of 48% to 100% error rate. *(Impact: Considerable)*

2. **Non-compliance to LACCD policies and procedures:** There are internal weaknesses within the Foundation operation as payments are made without proper documentation justifying the expense to be paid and/or funds are used for ineligible expenses. This equates to a range of 48% to 100% error rate. *(Impact: Considerable)*

3. **Non-compliance to LACCD and Foundation policies and procedures:** Expense requisitions were not properly approved. This equates to a range of .04% to 100% error rate. *(Impact: Moderate)*

H. **Scholarships:**

1. **Non-compliance to LACCD policies and procedures and best practices:** There are internal weaknesses within the selection process of students’ scholarships as there is no evidence to substantiate each scholarship committee member selection and/or the Departmental scholarship selection. Additionally, no procedure manual or documents is maintained to validate the process used for the final selection. This equates to a range of 50% to 100% error rate. *(Impact: Moderate)*

2. **Non-compliance to LACCD policies and procedures:** There are no procedures in place to engage the Foundation in the selection process of the Foundation scholarship recipients. The error rate is 100% error rate. *(Impact: Moderate)*

I. **Conflict of Interest:**

1. **Non-compliance to LACCD policies and procedures:** The Foundation does not require board members and/or any other employee(s) in management to complete conflict of interest forms. The error rate is 100% error rate. *(Impact: Moderate)*

**Management Action Plans and Completion Dates:**

A. **Policies and Procedures**

   a. Create P&P Manual to cover all the accounting and operational matters of the Foundation, especially as noted throughout Audit Findings A-I. *(12/31/2013)*

      i. Existence of a Policy & Procedure Manual reflective of all the Foundation's operations to meet operational objectives.

B. **Revenue and Cash Receipts**

   a. Generate cash/check processing procedure per recommendations *(11/30/13)*

   b. Generate cash/check processing procedure per recommendations *(11/30/13)*

C. **Bank Reconciliations**
a. Transfer financial records from Excel to QuickBooks and outline procedure for Bank reconciliations. (11/30/13)
  i. Presence of a fiscal means & management system allowing effective coordination of the Foundation's activities with LASC &/or LACCD IAW sound business practices

D. Transfer of Funds
a. Generate transfer of funds procedure per recommendations. (12/31/13)
  i. Funds held in trust may be carried in the same bank or savings and loan organization, but must be maintained in separate cash accounts and managed by sound management practices, demonstrating efficient & effective use of public funds, thus strengthening fiscal accountability at the district and state levels.

b. Generate transfer of funds procedure per recommendations (12/31/13)
  i. Funds held in trust may be carried in the same bank or savings and loan organization, but must be maintained in separate cash accounts and managed by sound management practices, demonstrating efficient & effective use of public funds, thus strengthening fiscal accountability at the district and state levels

E. Budget vs. Actual
a. Outline budget process, to include all audit recommendations. (12/31/13)
  i. Standardize report format and issue monthly
  ii. Presence of a fiscal means & management system allowing effective coordination of the Foundation's activities with LASC &/or LACCD IAW sound business practices and accounting principles

b. Transfer financial records from Excel to QuickBooks and operationalize (11/30/13)
c. Edit existing management strategies and coordinate with Board (02/28/14)

F. Walkthrough
a. Generate cash/check processing procedure per audit recommendations. (11/30/13)
  i. Presence of a fiscal means & management system allowing effective coordination of the Foundation's activities with LASC &/or LACCD in accordance with sound business

b. Generate P&P for QuickBooks use per audit recommendations (12/31/13)
  i. Use of an adequate management information system providing timely, accurate, and reliable fiscal info to appropriate staff for planning, decision, making, and budgetary control

c. Annually generate and approve strategic fund development plan (02/28/14)
d. Absorb process and review requirements into monthly Board finance report. (12/31/13)
  i. Providing reports per the schedules outlined for LACCD auxiliary organizations.
e. Write P&P for bank account management per audit recommendations (02/28/14)
   i. Use of an adequate management information system providing timely, accurate, and reliable fiscal info to appropriate staff for planning, decision, making, and budgetary control

G. Procurement
   a. Coordinate a written policy with LASC per audit recommendations (12/31/13)
      i. Access to a P&P Manual with sample forms used operationally and at least (5) years of transaction records of the Foundation to include but not be limited to purchases disbursements, and investments.
   b. Coordinate a written policy with LASC per recommendations. (12/31/13)
      i. Presence of a fiscal means & management system allowing effective coordination of the Foundation's activities with LASC &/or LACCD IAW sound business practices and access to a 5-year transaction record
   c. Coordinate a written policy with LASC per audit recommendations. (12/31/13)
      i. Board of Directors will approve all expenditure authorizations

H. Scholarships
   a. Coordinate a written scholarship management P&P per audit recommendations (12/31/13)
   b. Coordinate a written scholarship management P&P per audit recommendations (12/31/13)

I. Conflict of Interest
   a. Edit existing By-Laws policy as needed & incorporate annual form endorsement. (01/31/14)
Signatures:

Yasmin Delahoussaye
Yasmin Delahoussaye, Interim President

Date: 11/8/13

Ferris Trimble, Vice President, Administration Services

Date: 11/8/13

Cc: Adriana Barrera, Interim Chancellor
    Budget and Finance Committee, LACCD Board of Trustees
    Gene Hale Foundation Board Chair
    Camille Goulet, General Counsel
    Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanshard, CPA/CRMA/MBA, Director of Internal Audit
LaSchanda Johnson, MBA, Auditor
Audit: Los Angeles Trade-Technical College Foundation Audit

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

Audit Report Date: June 30, 2012

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>17</td>
</tr>
<tr>
<td>Considerable</td>
<td>04</td>
</tr>
<tr>
<td>Moderate</td>
<td>04</td>
</tr>
<tr>
<td>Marginal</td>
<td>01</td>
</tr>
<tr>
<td>Total Issues</td>
<td>26</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. 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.

BACKGROUND

The Los Angeles Trade Technical College Foundation (The Foundation) is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of The Los Angeles Trade Technical College (LATTC). The Foundation is governed by a seventeen member Board of Directors that serve as volunteers. The Board of Directors drives to provide funds to support the LATTC educational programs. The President of the College serves as an ex-officio member of the board with no voting right. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The purpose of the foundation is:

1. “To solicit and raise money to award scholarships to students enrolled at Los Angeles Trade-Technical College

2. To afford and encourage opportunities for the establishment of research and educational projects for the benefit of Los Angeles Trade-Technical College

3. To engage in cooperative efforts with the college to enhance the academic and vocational programs offered at Los Angeles Trade-Technical College and the services offered to the students and communities members the college serves.”
The Foundation is involved with establishing public relations with individuals and businesses within the community which will facilitate these businesses to make financial donations and grants to the Foundation. The Foundation main source of revenue for the past two years was from the annual scholarship Gala. In 2010 and 2011, the Foundation generated an income of $209,442.32 and $313,836.45 respectively from the annual scholarship gala.

The Foundation main support to the college is providing scholarships geared to assist students in attaining their educational goals. In Fiscal Year 2011/2012, the foundation awarded over $100,000.00 in scholarships.

In additional to the scholarship Gala, the Foundation obtained grants, such as the Edison Green Initiative Grant, which objective was to aid students learning outcome in new innovations by offering scholarships to students that are enrolled in LATTC programs that supports studies in “green” jobs. The Foundation also assisted in obtaining the necessary equipment and supplies needed by the instructional departments which have also aided the students learning outcome.

Funds that are obtained by the Foundation are invested into market securities, certificates of deposit, and the California Community Colleges Scholarship Endowments (CCCSE). In Fiscal Year 2010/11 the Foundation reported an interest income from investments of $59,516.52.

The Foundation operated at a loss in the fiscal year 2009/2010 and 2010/2011 in the amount of 182,319.69 and $45,656.19 respectively. The total net asset of the Foundation noted on the accounting reports for fiscal year 2009/2010 and 2010/2011 was $6,555,856.08 and $6,510,199.89 respectively.

**PURPOSE/OBJECTIVE**
The objectives of the audit were to:

- Determine whether the internal control system is functioning as intended;
- Ascertained the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP); Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objective are met; and
- Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations.
SCOPE

The scope of this audit included a review of processes and procedures of the LATTC Foundation for the period January 1, 2009 through April 30, 2012. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

Major Issues Identified:

Revenue and Cash Receipts:

1. Non-compliance to LACCD and Foundation policies and procedures: Cash receipts were posted to the incorrect revenue accounts. *(High)*

Management Response:

- The College and the Foundation will collaboratively develop and implement a policy and procedure that will require a review and approval process to reverse and re-post transactions in Quickbook that exceed a specified dollar amount.
- In the event of such transaction, the employee posting transactions to Quickbooks will maintain a log of dates, times, reasons, and supporting documentation that necessitated the change. These changes will be reviewed on a quarterly basis by the College and the Foundation.
- As part of the policies and procedures, the College will require that any check received by the Foundation that is not specifically written as paid to the order of LATTC Foundation be examined and researched by the College Financial Administrator (CFA) and signed off formally by the CFA to substantiate that the finds should be deposited into the Foundation prior to posting. The CFA will conclude the research within 5 business days of receiving the inquiry.
- The policies and procedures will be updated to include accepting and posting of anonymous donation.
- Employees will be trained on policies and procedures for financial reporting, accounting, and sound business practices.
- A self-audit will be conducted once each quarter to ensure accuracy in reporting revenue and cash receipts in Quickbooks. *(Completion Date: December 20, 2012)* Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures.
2. Non-compliance to LACCD and Foundation policies and procedures:
Individuals/Companies were noted on the program and received the benefits of being a Platinum, Silver and/or Bronze sponsors for the 2011 Gala without paying the amount required to achieve the type of sponsor that was received. \textit{(High)}

\textbf{Management Response:}
- The College and Foundation will develop and implement well-defined policies and procedures for approving and reporting, donating and discounting sponsorship levels to organizations/individuals, including the level at which discounts require Foundation Board approval.
- Employees will be trained on policies and procedures for financial reporting, accounting, and sound business practices.
- A self-audit will be conducted once each quarter to ensure compliance with policies.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

3. Non-compliance to LACCD and Foundation policies and procedures: IAD was unable to account for inventory of the silent auction items that were not sold. \textit{(High)}

\textbf{Management Response:}
- The College and Foundation will develop and implement well-defined policies and procedures for safeguarding and reporting of items not sold at fundraising events, including the disposal of expired items and those actions requiring Foundation Board approval.
- Employees will be trained on policies and procedures for financial reporting, accounting, and sound business practices.
- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

4. Non-compliance to LACCD and Foundation policies and procedures: Cash was transferred between bank accounts without proper documentation of authorization. \textit{(High)}

\textbf{Management Response:}
- The College and Foundation will develop and implement well-defined policies and procedures requiring that all transfers of funds via wire transfer checks be approved by the Foundation Board Chairman.
  - This will include creating the forms (that include name of the requestor, the amount of fund transfer requested, the reason for the request, the bank account
that the money will be drawn from and the bank account the money will be transferred to) and the procedure to document the transfer of funds.

- Copies of fund transfer documents (whether via cash or by wire), including the approvals of such action, must be provided to the College and the Foundation board.
- Process that requires the Foundation Board to ratify at a certain dollar level and the threshold that requires Foundation Board approval prior to the transfer of funds.

- Employees will be trained on policies and procedures for financial reporting, accounting, and sound business practices.
- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

5. Non-compliance to LACCD and Foundation policies and procedures: The Foundation operating bank account exceeded the maximum amount allowed by the Foundation. (High)

Management Response:

- The College and Foundation will strengthen its controls over the operating bank to ensure the account does not exceed the maximum amount of $50,000 approved by the Foundation Board.
  - A designated employee(s) of the Collage and the Foundation will monitor the bank balance on a weekly basis
  - The Foundation Board and the College will be notified immediately by the designated employee(s) should the bank balance exceed the specified amount, with details noting the reason(s) why the bank account exceeded the maximum amount
  - Policies and procedures will include a required monthly review and signoff by the Foundation and the College of the bank statements

- The College and the Foundation will develop and implement policies and procedures that strengthen controls over the operating bank account, including a review of the adequacy of the current maximum amount of $50,000.

- Employees will be trained on policies and procedures for financial reporting, accounting, and sound business practices.
- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)
6. **Non-compliance to LACCD and Foundation policies and procedures**: Silent auction items sold below the required bid amount. *(Considerable)*

**Management Response:**
- The College and Foundation will develop and implement well-defined policies and procedures for the reporting of items sold below minimum bid, including those actions requiring Foundation Board approval.
- Employees will be trained on policies and procedures for financial reporting, accounting, and sound business practices.
- A self-audit will be conducted once each quarter to ensure accuracy in reporting revenue and cash receipts in Quickbooks.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. *(Completion Date: December 20, 2012)*

7. **Non-compliance to LACCD and Foundation policies and procedures**: There is not a follow up process in place to collect on credit card payments that were declined from individuals that purchased silent auction items. *(Moderate)*

**Management Response:**
- The College and Foundation will develop and implement well-defined policies and procedures for collecting payments (including declined credit card payments) from items sold at fundraising events, including documentation to substantiate the attempts to collect.
- Employees will be trained on policies and procedures for financial reporting, accounting, and sound business practices.
- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. *(Completion Date: December 20, 2012)*

**Procurement:**
1. **Non-compliance to LACCD and Foundation policies and procedures**: There is a lack of oversight on the approval of purchases made for the Foundation. *(High)*

**Management Response:**
- Employees will be trained on policies and procedures for procuring goods and services, with specific emphasis in training on the separation of duties – a person cannot approve their own purchases.
The College and the Foundation will strengthen controls over purchasing by requiring approval prior to purchasing by utilizing forms such as purchase request forms.

The Foundation Board will be required to ratify all expenses/purchases that exceed $250.

A self-audit will be conducted once each quarter to ensure compliance with procurement policies and procedures.

Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

2. Non-compliance to LACCD and Foundation policies and procedures: Items/services purchased did not warrant the use of Foundation funds. (High)

**Management Response:**

- The College and the Foundation will strengthen controls over purchasing by requiring approval prior to purchasing by utilizing forms such as purchase request forms.
  - The Foundation should consider utilizing the District’s procurement processes.
- Employees will be trained on policies and procedures procuring goods and services.
- The Foundation Board will be required to ratify all expenses/purchases that exceed $250.
- A self-audit will be conducted once each quarter to ensure compliance with procurement policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

3. Non-compliance to LACCD and Foundation policies and procedures: There is a lack of segregation of duties as the Foundation credit card holder is approving his/her credit card statements for payments. (High)

**Management Response:**

- The College and Foundation will develop and implement well-defined policies and procedures requiring that all credit card statements be reviewed by someone other than the credit card holder.
  - The credit card statements of the Director of Foundation will be reviewed and approved for payment by the Foundation Treasurer and ratified by the Foundation Board for all individual transactions over $100. This will be documented with a form that the Treasurer will sign-off on to substantiate the review.
- Employees will be trained on policies and procedures regarding credit card purchases and internal control procedures to comply with separation of duties concept.
- A self-audit will be conducted once each quarter to ensure that there is segregation of duties for the review and approval of credit card statements.
Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

4. Non-compliance to LACCD and Foundation policies and procedures: There is no evidence to substantiate that credit card and/or bank charge card transactions/statements were reviewed and approved. *(High)*

**Management Response:**

- The College and Foundation will develop and implement well-defined policies and procedures requiring that all credit card statements be reviewed on a monthly basis.
  - The credit card statements of the Director of Foundation will be reviewed and approved for payment by the Foundation Treasurer and ratified by the Foundation Board for all individual transactions over $100. This will be documented with a form that the Treasurer will sign-off on to substantiate the review.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

5. Non-compliance to LACCD and Foundation policies and procedures The Foundation credit card was used excessively for golfing activities and meal expenses. *(High)*

**Management Response:**

- The College and Foundation will implement policies and procedures that will require all credit card statements to be reviewed by the Foundation Treasurer on a monthly basis. The College and the Foundation will strengthen controls over purchasing by requiring approval prior to purchasing through utilization of forms such as purchase request forms.
- The Foundation Board will be required to ratify all expenses/purchases for individual transactions that exceed $100.
- The College and Foundation will establish strict guidelines as to the maximum amount of charges that are allowed on the credit card for meal expenses on a monthly basis.
- The Foundation Treasurer will review and approve purchases made on a credit card, and sign off on credit card statements to ensure proper use of the credit card and to substantiate complete documentation.
- Training will be conducted on the use of the credit card.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)
6. **Non-compliance to LACCD and Foundation policies and procedures:** IAD was unable to determine the reasonableness/justification of the items/services purchased with Foundation funds. *(Considerable)*

**Management Response:**
- The Foundation has implemented a form that provides explanation of the specific business purpose of an item/service that is to be expensed. Policies and procedures will be reviewed to include obtaining approval prior to procuring goods and services.
  - The form will be reviewed and analyzed by Foundation Management to ensure that the requested purchases are within reasons to meet the Foundation objectives.
- The College and the Foundation will strengthen controls over purchasing by requiring approval prior to purchasing by utilizing forms such as purchase request forms that is approved by an authorized individual. The Foundation will reject payments of expenses that do not have proper documentation.
- Employees will be trained on policies and procedures for procuring goods and services, records retention, and best business practices.
- A self-audit will be conducted once each quarter to ensure compliance with procurement policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. *(Completion Date: December 20, 2012)*

7. **Non-compliance to LACCD and Foundation policies and procedures:** IAD noted that the foundation funds were used for unauthorized charges. *(Moderate)*

**Management Response:**
- The Foundation dissolved its relationship to the Open Academy Youth Orchestra in December 2011.
- Employees will be trained on policies and procedures for the use of credit cards. The training will include guidelines and examples of goods and services that constitute authorized and unauthorized charges/purchases.
- The Treasurer will review the credit card statements and sign off to ensure proper use of the credit card and to substantiate complete documentation.
- The College and the Foundation will strengthen controls over purchasing by requiring approval prior to purchasing by utilizing forms such as purchase request forms.
- The Foundation Board will be required to ratify all expenses/purchases that exceed $100.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. *(Completion Date: December 20, 2012)*
Bank Reconciliations:

1. Non-compliance to LACCD and Foundation policies and procedures: Bank reconciliations files were missing. *(High)*

Management Response:
- The College and the Foundation will provide training on the policies and procedures related to records retention for auxiliary organizations.
- Complete copies of bank statements and bank reconciliations will be scanned and maintained on a monthly basis.
- The College and Foundation will develop a policy and procedure requiring monthly back up files to be stored electronically and securely off site.
- A self-audit will be conducted once each quarter to ensure that there is adherence to policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. *(Completion Date: December 20, 2012)*

2. Non-compliance to LACCD and Foundation policies and procedures: There are internal weaknesses within the review, approval, and timeliness of bank reconciliations. *(High)*

Management Response:
- The College and the Foundation will provide training on the policies and procedures for performing timely bank reconciliations and for reviewing and approving bank reconciliations.
- Bank reconciliations will be signed and dated by the preparer to acknowledge the date the reconciliation was completed.
- The College and Foundation will develop a policy and procedure requiring monthly back up files to be stored electronically and securely off site.
- A self-audit will be conducted once each quarter to ensure that bank reconciliations are completed timely, reviewed, and approved.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. *(Completion Date: December 20, 2012)*

Petty Cash

1. Non-compliance to Best Practices, LACCD and Foundation policies and procedures: IAD was unable to account for “cash on hand” that was associated with the petty cash fund. *(High)*
Management Response:

- The Foundation will work with the College CFA to conduct periodic, unscheduled counts of the petty cash fund with documentation maintained of this surprise count/reconciliation.
- The College and the Foundation will develop policies and procedures that will ensure that employees are held responsible for cash that is found to be missing from the petty cash fund.
- The College and the Foundation will provide training on the policies and procedures for the oversight/management of petty cash funds.
- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

2. Non-compliance to Best Practices, LACCD and Foundation policies and procedures: The petty cash fund balance exceeded the amount that that was established by the Foundation. *(High)*

Management Response:

- The Foundation will work with the College CFA to conduct periodic, unscheduled counts of the petty cash fund with documentation maintained of this surprise count/reconciliation.
- Employees and Foundation management will be trained on policies and procedures for handling cash.
- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

3. Non-compliance to Best Practices, LACCD and Foundation policies and procedures: There is a lack of oversight over the use of the petty cash fund. *(High)*

Management Response:

- The College and the Foundation will ensure that reimbursement and/or replenishment of petty cash funds is approved and signed by the Foundation or other designated individual other than the custodian of the petty cash funds.
- The petty cash fund will be reconciled on a monthly basis and this will be documented with a form that the Treasurer will sign-off on to substantiate the review.
- The bank charge card will not be used to manage the petty cash fund.
- The Foundation will work with the College CFA to conduct periodic, unscheduled counts of the petty cash fund with documentation maintained of this surprise count/reconciliation.
- The College and the Foundation will provide training on the policies and procedures for the oversight/management of petty cash funds. Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

**Scholarships:**

1. **Non-compliance to LACCD and Foundation policies and procedures:** There are internal weaknesses within the selection process of students' scholarship as there is no evidence to substantiate each scholarship committee member selection. Additionally, no procedure manual or documents is maintained to validate the process use for the final selection. *(High)*

**Management Response:**

- The College and the Foundation will develop well-defined policies and procedures for the scholarship selection process.
  - The policies and procedures will require that each Foundation Scholarship Committee member document their selection of each scholarship recipient and certify their selection by signature.
  - The policies and procedures will outline how recipient selections are to be scored and tallied to determine final selections.
  - The policies and procedures will require that the final list be certified in writing by two different signatures acknowledging that the policies and procedures were adhered to in determining the final outcome of the scholarship award list.
  - The policies and procedures will require that all documents that support the selection of each scholarship award recipient by each member of the selection committee must be maintained.

- Employees will be trained on the policies and procedures regarding the complete process of selecting recipients of scholarships/grant funds and the development of the final audited scholarships awards list.

- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures for documenting committee member selections and maintaining evidence to support the finalized scholarship list.

- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)
2. **Non-compliance to LACCD and Foundation policies and procedures:** The selection procedure of students that received scholarship lack the necessary oversight controls. *(Considerable)*

**Management Response:**
- The College and Foundation will develop and implement well-defined policies and procedures for the scholarship/grant funds selection process.
- The College and the Foundation will work together to ensure that the selection process for scholarship grants/donations is strictly adhered to.
  - Recipients selected for scholarships will be presented to the LATTC Scholarship Committee for review and sign-off that the selection process was followed.
  - In the event that a donor/grantee selects the recipients of the award, that information will be formally communicated to the LATTC Scholarship Committee and documented that the grantor/donor selected the recipients of the scholarships. This information will also be provided to the Foundation Board.
- Employees will be trained on the policies and procedures regarding the process of selecting recipients of scholarships/grant funds.
- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. *(Completion Date: December 20, 2012)*

3. **Non-compliance to LACCD and Foundation policies and procedures:** The students that were selected per the “master list” by the scholarship committee did not reconcile with the list that was provided to the Foundation. *(Considerable)*

**Management Response:**
- The College and the Foundation will develop well-defined policies and procedures for the scholarship selection process.
- An employee of the Foundation will perform a review of the list of students selected as scholarship recipients and compare it to the list provided by the Foundation Scholarship Committee, which was reviewed and signed-off by the LATTC Scholarship Committee.
  - Each member of the Foundation Scholarship Committee will be required to sign a certification of the list of names selected.
  - The LATTC Scholarship Committee will review the list and sign-off on the list as well.
  - Both the Foundation and the College will maintain copies of these lists of scholarship recipients.
- Employees will be trained on the policies and procedures regarding the process of selecting recipients of scholarships/grant funds.
A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.

Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

4. Non-compliance to LACCD and Foundation policies and procedures: The list provided by the scholarship committee chairperson to the Foundation did not reconcile with the number of students that were issued scholarship checks. (Moderate)

**Management Response:**

- The College and the Foundation will develop well-defined policies and procedures for the scholarship selection process.
  - The policies and procedures will require that no changes can be made to the scholarship recipient selection list certified by the Foundation Scholarship Committee unless the Foundation Scholarship Committee provides a certified revised list requesting an update to the LATTC Scholarship Committee. All lists and documents would be maintained and presented to the Foundation Board for ratification/acceptance.

- An employee of the Foundation will perform an “audit check” review of the list of students selected as scholarship recipients.
  - The “Scholarship Audit Check Review” will include the certified and signed off selection list from the Foundation Scholarship Committee and the LATTC Scholarship Committee. This audit verification will require two different signatures acknowledging that the audit was completed and the selection lists are reconciled.

- The final audited list will be provided to the following groups: the Foundation Scholarship Committee, the LATTC Scholarship Committee, the Foundation Board, and the donor, with a written acknowledgment that the Foundation provided scholarships to only those students that are listed.

- Employees will be trained on the policies and procedures regarding the complete process of selecting recipients of scholarships/grant funds and the development of the final audited scholarships awards list.

- A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.

- Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)
Budget versus Actual:

1. Non-compliance to Best Practices, LACCD and Foundation policies and procedures: There were significant variances between the budgeted and the actual amount of operating expenses for the Foundation. (High)

   Management Response:
   - The Foundation will prepare a monthly budget versus actual expenditure report that will be forwarded to the Finance Committee and the College for review.
     - The Finance Committee and the College will review the monthly comparison report of budget to actual expenditures and research any items that are over budget.
   - The College and the Foundation will develop and implement policies and procedures that will require a monthly review and approval process of the budget versus actual expenditures report by the Foundation Board.
   - The Foundation will strengthen its controls over the budget process to ensure that all expenditures are properly budgeted.
   - Employees will be trained on policies and procedures for the management and reporting of fiscal budget.
   - A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
   - Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

2. Non-compliance to Best Practices, LACCD and Foundation policies and procedures: Due diligence was not exercised in monitoring the Foundation financial position. (Moderate)

   Management Response:
   - The Foundation will prepare a monthly budget versus actual expenditure report that will be forwarded to the Finance Committee and the College for review.
     - The Finance Committee and the College will review the monthly comparison report of budget to actual expenditures and research any items that are over budget.
   - The College and the Foundation will develop and implement policies and procedures that will require a monthly review and approval process of the budget versus actual expenditures report by the Foundation Board.
   - The Foundation will strengthen it controls over the budget process to ensure that all expenditures are properly budgeted.
   - Employees will be trained on policies and procedures for the management and reporting of fiscal budget.
   - A self-audit will be conducted once each quarter to ensure compliance with policies and procedures.
   - Employees will be required to submit a signed and dated form acknowledging that they have read and understood all policies and procedures, including that they may be
reprimanded for failure to adhere to policies and procedures. (Completion Date: December 20, 2012)

Signatures:

Roland Chapdelaine, President

Date: 7/18/12

Mary Gallagher, Vice President, Administration

Date: 7/18/12

cc: Daniel LaVista, Chancellor
    Finance and Audit Committee, LACCD Board of Trustees
    Executive Committee, LATTC Foundation
    Adriana Barrera, Deputy Chancellor
    Camille Goulet, General Counsel
    Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
    Arnold Blanshard, CPA/MBA, Director of Internal Audit
    Keyna Crenshaw, Auditor
Report No. V-6-1314
Executive Summary

Audit: Los Angeles Valley College Foundation

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

Audit Report Date: January 31, 2014

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>14</td>
</tr>
<tr>
<td>Considerable</td>
<td>01</td>
</tr>
<tr>
<td>Moderate</td>
<td>04</td>
</tr>
<tr>
<td>Marginal</td>
<td>01</td>
</tr>
<tr>
<td>Total Issues</td>
<td>20</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal 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.

BACKGROUND
Section A: The Foundation for the Los Angeles Valley College (LAVC) Overview:
The Foundation is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of The Los Angeles Valley College (LAVC). The Foundation for LAVC was founded in 1971. The Foundation is governed by a fourteen member Board of Directors that strives to raise funds to support the LAVC educational programs and mission. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The mission of LAVC Foundation is to: “To enhance the education of its students through community involvement and to provide additional financial resources to Los Angeles Valley College.” For the Fiscal Years 10-11 and 11-12 the Foundation generated revenue of $1,151,621 and $1,741,191 respectively as noted on the external audit financial reports. Some of the activities that the foundation performs in order to meet its mission are as follows:

1. Partners with off campus entities to raise funds such as private foundations.
2. Oversees the funds and support the fundraising for the operation of the Alumni Association, Athletic Hall of Fame, the Retirees Association, LAVC Historical Museum, and the President’s Circle.

3. Partner with local community to raise funds.

4. Provides services to the faculty such as the processing of departmental scholarships, marketing events held on campus, obtaining permits, providing the insurance and obtaining the necessary security needs.

5. Acts as a liaison between grantors such as Los Angeles Universal Preschool (LAUP) and Career Academic Success Team (CAST) and campus departments to ensure funds are secured and channeled towards the operation of campus programs.

6. Ensures that a scholarship selection process is followed.

7. Prepares financial reports to be presented at the regular Board meeting (Profit and Loss, Analyses requested by Board).

8. Oversees endowment funds investments.


The Foundation has one dedicated Executive Director and one part time Administrative Assistant to conduct all activities related to the Foundation.

In Fiscal Year 2010/11 and 2011/2012 the Foundation financial operation resulted in gain of $59,147.00 and loss of $401,118 respectively. The loss of $401,118 was due to expense for the bond project for which the income was realized in prior years.

PURPOSE/OBJECTIVE
The objectives of this audit are to:

- Determine whether the internal control system is functioning as intended;
- Ascertain the existence and effectiveness of current policies and procedures;
- Determine that the accounting procedures are adequate and are reported in accordance with Generally Accepted Accounting Principles (GAAP);
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objective are met; and
- Determine whether current practices are in accordance with Los Angeles Community College District
- (LACCD) policies and procedures, and federal and state laws and regulations.

SCOPE
The scope of the audit includes a review of processes and procedures of all Foundation activities for the period July 1, 2010 through March 31, 2013. The Internal Audit Department (IAD)
interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

**Major Issues Identified:**

**A. Walkthrough Findings:**

1. Non-compliance with Foundation policies and procedures and Best Practices: The Foundation does not have a process in place to ensure that conflicts of interests are disclosed, mitigated and monitored. *(Impact: High)*

2. Non-compliance with LACCD policies and procedures and best practices: The Foundation reimbursement/procurement process is not consistent with District Procurement Policies and Procedures. *(Impact: High)*

3. Non-compliance with LACCD policies and procedures: There are internal weaknesses with the safeguarding of assets for LAVC Foundation. *(Impact: High)*

4. Non-compliance with LACCD policies and procedures: There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting. *(Impact: High)*

5. Non-compliance with Board Rules, regulatory Policies and Procedures: Lack of documentation to substantiate financial transactions and other operating activities. *(Impact: High)*

**B. Policies and Procedures**

1. Non-compliance with Industry Best Practice: The LAVC Foundation (The Foundation) does not maintain an updated internal operation written policies and procedures for all pertinent areas. *(Impact: High)*

**C. Procurement**

1. Non-compliance with LACCD and Foundation policies and procedures: Expenditure request forms were not provided to substantial that prior approval was obtained for all purchases. The total dollar error was $1,520,018.07 and error percentage of 48.66%. *(Impact: High)*

2. Non-compliance to LACCD policies and procedures and best practices: Evidence of Board ratification for transactions/purchases over $1,000 was not provided. This equated to 31.1% error rate and a dollar error of $844,162.24. *(Impact: High)*
3. **Non-compliance with LACCD policies and procedures and best practices:** There are internal weaknesses within the Foundation operation as payments are made without proper documentation justifying the expense to be paid and/or funds are used for ineligible expenses. The average error rate was 40% and dollar error was $295,991.41. *(Impact: Considerable)*

4. **Non-compliance with LACCD and Foundation policies and procedures:** Expenses were not approved by the required approver. This equated to a $92,778 dollar error and a 33% error rate. *(Impact: Moderate)*

5. **Non-compliance with LACCD policies and procedures and best practices:** Dual signatures were not denoted on checks that exceeded $1,000.00. This equates to a $1,507,404.09 dollar error and a 10% error rate. *(Impact: Moderate)*

**D. Cash Receipts**

1. **Non-compliance with LACCD Policies and Procedures:** Cash collection process was not properly documented as there was no cash receipt journal. The error rate was 100%. *(Impact: High)*

2. **Non-compliance with LACCD Policies and Procedures:** The Foundation did not provide evidence to ascertain that the Foundation is accounting for all revenue received during the course of Foundation operations...The error rate was 100%. *(Impact: High)*

3. **Non-compliance with LACCD Policies and Procedures:** The Foundation does not account for credit card cash receipts in a daily cash receipts ledger or similar report. The error rate was 100%. *(Impact: High)*

**E. Budget vs. Actual**

1. **Non-compliance to Best Practices and LACCD policies and procedures:** The Foundation’s budget was over and/or under Budgeted for the audit period and the budget was not inclusive of all actual activities. *(Impact: High)*

**F. Scholarship**

1. **Non-compliance with Foundation and LACCD policies and procedures and best practices:** The Foundation does not present a list of scholarship recipients to the Foundation Board for ratification. This equated to 100% error rate. *(Impact: High)*

2. **Non-compliance to LACCD policies and procedures and best practices:** There are internal weaknesses within the selection process of students’ scholarship as there is no evidence to substantiate each scholarship committee member selection and/or the
Departmental scholarship selection. Additionally, no procedure manual or documents is maintained to validate the process use for the final selection. This equated to 100% error rate. (Impact: Moderate)

G. Bank Reconciliation

1. **Non-compliance to Best Practices LACCD policies and procedures:** The bank reconciliations were not signed and dated by the preparer. The error rate was 100%. (Impact: Moderate)

2. **Non-compliance with LACCD Policies and Procedures:** Bank Reconciliations showed items that were noted as outstanding transactions that have not yet cleared bank for several recurring months that span over one year. No Adjusting entry was made to clear this amount. The error rate was 100%. (Impact: Moderate)

**Action Plans and Completion Dates:**

Management will:

A. Walkthrough Findings:

1. Create P/P that will mandate all required individuals complete a conflict of interest disclosure form on an annual basis. (Implementation Date: July 01, 2013)

2. Provide adequate training regarding P/P. (Implementation Date: January 16, 2013)

3. Conduct self-audits to ensure that conflict of interest disclosure forms are completed annually and maintained. (Implementation Date: January 16, 2013)

4. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the P/P. (Implementation Date: January 16, 2013)

5. An employee accountability clause should be incorporated into the P/P to ensure accountability. (Implementation Date: January 16, 2013)

6. Implement P/P that requires all requests for expenditures be approved prior to placing orders and/or accepting delivery of items and/or services. (Implementation Date: June 30, 2014)

7. Develop a checklist of necessary documentation including approvals and validity of transactions. (Implementation Date: June 30, 2014)

8. Strengthen controls over the procedures for obtaining approval prior to procuring items/services by utilizing purchase request forms. (Implementation Date: June 30, 2014)

9. Ensure all requests for funds are accompanied by the approved purchase order denoting the approval of the expense. (Implementation Date: June 30, 2014)

10. The Foundation utilizes a disbursement/reimbursement form with required signatures.
11. P/P should reflect Foundation Board to ratify expenses/purchases. (Implementation Date: June 30, 2014)

12. Foundation ratifies expenses/purchases that are over $1,000. (Implementation Date: June 30, 2014)

13. The Foundation will provide training to all employees responsible for complying with procurement P/P. (Implementation Date: June 30, 2014)

14. A self-audit should be conducted to ensure compliance with P/P. (Implementation Date: June 30, 2014)

15. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

16. An employee accountability clause should be incorporated into the P/P to ensure accountability. (Implementation Date: June 30, 2014)

17. Establish P/P that will require the Foundation to safeguard cash, check transactions processed at the campus location. (Implementation Date: June 30, 2014)

18. The Foundation will purchase a safe. (Implementation Date: June 30, 2014)

19. Establish P/P to address the handling of cash to help minimize the risk of theft. (Implementation Date: June 30, 2014)

20. Train employees that are responsible for overseeing cash on P/P for handling cash. (Implementation Date: June 30, 2014)

21. Conduct self-audits to ensure that P/P are implemented and followed by employees. (Implementation Date: June 30, 2014)

22. Implement training for employees and management regarding the P/P for collecting cash at campus events. (Implementation Date: June 30, 2014)

23. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the P/P related to cash collections at events. (Implementation Date: June 30, 2014)

24. Incorporate employee accountability clause into P/P. (Implementation Date: June 30, 2014)

25. The Foundation will evaluate the functions of staff in order to achieve satisfactory level of separation of duties for essential process within the office. (Implementation Date: June 30, 2014)

26. The Foundation will provide training to all employees regarding the internal controls as it relates to segregation of duties. (Implementation Date: June 30, 2014)

27. Conduct self-audits to ensure that forms are properly approved. (Implementation Date: June 30, 2014)

28. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the P/P. (Implementation Date: June 30, 2014)
29. Incorporate employee accountability clause into P/P. (Implementation Date: June 30, 2014)

30. Develop a documentation requirement checklist for all critical and financial processes and ensure that all documents are being maintained and easily retrievable. (Implementation Date: June 30, 2014)

31. Employees engaged in cash handling activities will be trained on document retention.

32. Perform self-audit to ensure all necessary information is maintained. (Implementation Date: June 30, 2014)

33. After each Board meeting, a review process should be put into place to ensure that all previous month's meeting minutes and back documentation have been properly filed and stored. (Implementation Date: June 30, 2014).

B. Policies and Procedures

LAVC Foundation will:

1. Create P/P to document all of the procedures and policies that are necessary in running an effective and efficient Foundation. (Implementation Date: June 30, 2014)

2. The Foundation is currently drafting P/P. (Implementation Date: June 30, 2014)

3. Foundation employees will be trained on all processes contained in the P/P manual. (Implementation Date: June 30, 2014)

4. A validation process will be implemented for P/P which will ascertain all procedures (Implementation Date: June 30, 2014) within the Foundation are fully documented.

C. Procurement

LAVC Foundation will:

1. Implement P/Ps that requires all requests for expenditures to be documented on a request for funds form. (Implementation Date: June 30, 2014)

2. The Foundation currently utilizes a disbursement/reimbursement form. (Implementation Date: June 30, 2014)

3. Implement training on P/P. (Implementation Date: June 30, 2014)

4. Conduct self-audit to ensure compliance with P/P. (Implementation Date: June 30, 2014)

5. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

6. Incorporate an employee accountability clause into the P/P. (Implementation Date: June 30, 2014)

7. Enforce P/P that will ensure all transactions over $1,000 be approved by the Board. (Implementation Date: June 30, 2014)
8. Conduct a self-audit to ensure compliance with P/P. All expenses over $1,000 should be reviewed and compared against Notable Expenses document presented to the Board to ensure all transactions were sent to the Board. (Implementation Date: June 30, 2014)

9. The Foundation staff will ensure all items sent to the Board within a reasonable time frame. (Implementation Date: June 30, 2014)

10. Foundation Director will provide training to all employees to make aware of items over $1,000 should be sent for ratification to the Board. (Implementation Date: June 30, 2014)

11. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

12. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

13. Implement written P/P that require all request for payments are to be accompanied with documentation, such as invoices, timesheets, contracts, and any other concrete documentation that justify the amounts paid. (Implementation Date: June 30, 2014)

14. For expenses that are associated with a grant and/or restricted funds, the Foundation will create a form that will require the requestor to document how the purchases are within the allowable expense guidelines of the grant and/or restricted fund account. (Implementation Date: June 30, 2014)

15. The Foundation will reject payments for any requests that are not supported by valid documentation. (Implementation Date: June 30, 2014)

16. P/P will be implemented that will require the Foundation to ratify expenses/purchases.

17. The Foundation currently ratifies expenses and purchases that are over $1,000 at its meetings. (Implementation Date: June 30, 2014)

18. Provide training to all employees responsible for complying with procurement policies and procedures. (Implementation Date: June 30, 2014)

19. Conduct a self-audit to ensure compliance with P/P. (Implementation Date: June 30, 2014)

20. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

21. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

22. Implement written P/Ps that requires all requests for expenditures be also approved by Department Chairs and/or Deans. (Implementation Date: June 30, 2014)

23. Reject all requests that are not signed by the appropriate approver. (Implementation Date: June 30, 2014)

24. The Foundation currently utilizes a disbursement/reimbursement form. They are signed by appropriate approver. (Implementation Date: June 30, 2014)
25. Develop a form and a checklist to capture entire necessary attribute that are warranted to ensure that all procurement transactions are proper to ensure that will require to obtain approvals prior to disbursing funds. (Implementation Date: June 30, 2014)

26. Conduct a self-audit to ensure compliance with P/P. (Implementation Date: June 30, 2014)

27. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

28. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

29. Enforce P/Ps that requires dual signatures on checks that exceed $1,000. (Implementation Date: June 30, 2014)

30. The Foundation currently exercises dual signatures on checks over $1,000. (Implementation Date: June 30, 2014)

31. The Foundation employee responsible for distributing checks will validate that two signatures are noted on checks that exceed $1,000. (Implementation Date: June 30, 2014)

32. Provide training to all employees responsible for complying with procurement P/P. (Implementation Date: June 30, 2014)

33. Conduct a self-audit to ensure compliance with P/P.

34. The Foundation Board will perform a review of all expenditures over $1,000 and ensure that all proper approvals were obtained. (Implementation Date: June 30, 2014)

35. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

36. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

D. Cash Receipts

LAVC Foundation will:

1. Daily cash collections will be linked to accounting records such as QuickBooks program to ensure the completeness of the accounting records. (Implementation Date: June 30, 2014)

2. A closeout process will be performed by the Foundation staff on a weekly basis. It will also incorporate a review of all cash counts, reconciliations and cash receipts. (Implementation Date: June 30, 2014)

3. A checklist of all necessary documentation required to be retained to document the closeout, reconciliation process will be developed. (Implementation Date: June 30, 2014)

4. Implement training for employees and managers on P/P for closeout processes, cash reconciliation an updating accounting records. (Implementation Date: June 30, 2014)
5. A self-audit will be performed to ensure that P/P is adhered to by all employees responsible for the closeout process, cash reconciliation and updating accounting records. (Implementation Date: June 30, 2014)

6. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

7. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

8. Daily cash collections will be linked to accounting records such as QuickBooks program to ensure the completeness of the accounting records. (Implementation Date: June 30, 2014)

9. A closeout process will be performed by the Foundation staff on a weekly basis. It will also incorporate a review of all cash counts, reconciliations and cash receipts. (Implementation Date: June 30, 2014)

10. A checklist of all necessary documentation required to be retained to document the closeout, reconciliation process will be developed. (Implementation Date: June 30, 2014)

11. Implement training for employees and managers on P/P for closeout processes, cash reconciliation an updating accounting records. (Implementation Date: June 30, 2014)

12. A self-audit will be performed to ensure that P/P is adhered to by all employees responsible for the closeout process, cash reconciliation and updating accounting records. (Implementation Date: June 30, 2014)

13. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

14. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

15. Implement P/P for cash closeout process including dual cash count, reconciliation of cash, checks, and credit cards to backup documents such as auxiliary receipts and credit card settlement report. (Implementation Date: June 30, 2014)

16. Ensure to include credit card transaction via Foundation Office and Foundation website.

17. Train employees and management on P/P for making timely bank deposits. (Implementation Date: June 30, 2014)

18. A self-audit will be performed to ensure P/P is adhered to by all employees that are responsible for recording transactions in the cash receipts journal. (Implementation Date: June 30, 2014)

19. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

20. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)
G. Budget vs. Actual

1. Ensure that budgets are monitored and take into consideration realistic expectation of incoming income. (Implementation Date: June 30, 2014)
2. Adjust budget if income has exceeded expectations from budgeted incoming income. (Implementation Date: June 30, 2014)
3. Foundation to review revenue and expense account on a monthly basis to determine expenses that can be reduced. (Implementation Date: June 30, 2014)
4. Develop management strategies to incorporate other fundraising activities as part of their core operation to negate reduction of essential expenses to the operation. (Implementation Date: June 30, 2014)
5. Monitor budget and take action if variances over 50% are found. (Implementation Date: June 30, 2014)
6. Implement training for the preparation and reviewing of budgets and monitoring of financial position. (Implementation Date: June 30, 2014)
7. Strengthen controls of oversight process. (Implementation Date: June 30, 2014)
8. Conduct training to all employees associated with the operation. (Implementation Date: June 30, 2014)
9. Conduct a self-audit to ensure compliance with P/P. (Implementation Date: June 30, 2014)
10. Receipt of acknowledgement should be provided and documented. (Implementation Date: June 30, 2014)
11. Incorporate and employee accountability clause into P/P. (Implementation Date: June 30, 2014)

H. Scholarship

LAVC Foundation will:

1. Form a scholarship committee which will approve a list of scholarship recipients. (Implementation Date: June 30, 2014)
2. Documentation will be maintained denoting the scholarship committee approval of scholarships. (Implementation Date: June 30, 2014)
3. Conduct training to all employees associated with the scholarship operation process.
4. A self-audit will be conducted to ensure compliance with P/P. (Implementation Date: June 30, 2014)
5. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)
6. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)
7. Create a process whereby a scholarship selection chairperson is required to document its committee's selection on a form and certify their selection by signature. (Implementation Date: June 30, 2014)
8. Create P/P on methods and process for selection of scholarship recipients. (Implementation Date: June 30, 2014)

9. Documents will be maintained to support a committee's selection and documentation used to tally the final list of scholarship recipients. (Implementation Date: June 30, 2014)

10. A check list will be developed showing documentation required for completeness of scholarship file. (Implementation Date: June 30, 2014)

11. Conduct training for all employees associated with the operation of the scholarship process.

12. A self-audit will be conducted to ensure compliance with P/P. (Implementation Date: June 30, 2014)

13. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

14. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

E. Bank Reconciliation

1. A form will be developed requiring the preparer's signature and date. (Implementation Date: June 30, 2014)

2. Create P/P that will mandate that the bank reconciliation are signed and dated by the preparer. (Implementation Date: June 30, 2014)

3. A checklist of all necessary components of reconciliation such as sign off and date by the preparer and required documentation to substantiate the reconciliation. (Implementation Date: June 30, 2014)

4. A self-audit will be performed to the bank reconciliations are being reviewed and approved. (Implementation Date: June 30, 2014)

5. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

a. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)

6. Establish P/P for account reconciliations. Procedures will include the time frame for performing the reconciliation and resolving reconciling items. (Implementation Date: June 30, 2014)

7. Develop a procedure on adjustments resulting from the reconciliation process. (Implementation Date: June 30, 2014)

8. Develop a check list of all documentation that will aid the completion of the reconciliation such as bank statements for the period, list all checks issued for the period and checks that have not cleared the bank. (Implementation Date: June 30, 2014)

9. Develop a policy on stale dated checks since there are checks that were outstanding for more than six months. (Implementation Date: June 30, 2014)
Signatures:

Alma Johnson-Hawkins, Interim President

Date: 2.25.19

Chris Bonvenuto, Vice President Administrative Services

Date: 2/5/19

cc: Adriana Barrera, Interim Chancellor
    Budget and Financial Committee
    Robert Oberstein, President of the Board, LAVC Foundation;
    Camille Goulet, General Counsel, LACCD
    Jeanette Gordon, Chief Financial Officer/ Treasurer

Audit Team:
Arnold Blanchard, CPA/CRMA/MBA, Director of Internal Audit
Marioan Carranza, MBA, CIA, CFE, Auditor
10. Implement training for employees and management on P/P for reconciliation process and for researching reconciling items. (Implementation Date: June 30, 2014)

11. Conduct self-audits to ensure that the P/P that is implemented is followed by employees. (Implementation Date: June 30, 2014)

12. Provide and document receipt of acknowledgement to ensure that all employees have read and understood P/P. (Implementation Date: June 30, 2014)

13. Incorporate an employee accountability clause into P/P. (Implementation Date: June 30, 2014)
Executive Summary

Audit: West Los Angeles College – Foundation Audit

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

Audit Report Date: March 31, 2014

Audit Period: July 1, 2010 through March 31, 2013

<table>
<thead>
<tr>
<th>Overall Audit Rating</th>
<th>Number of Issues by Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impaired</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>12</td>
</tr>
<tr>
<td>Considerable</td>
<td>1</td>
</tr>
<tr>
<td>Moderate</td>
<td>2</td>
</tr>
<tr>
<td>Marginal</td>
<td>0</td>
</tr>
<tr>
<td>Total Issues</td>
<td>15</td>
</tr>
</tbody>
</table>

Overall risk program is impaired. A “high” rated or multiple “considerable” rated findings were identified. Weaknesses in internal 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.

BACKGROUND

The Foundation is a 501(C)(3) non-profit organization that promotes and assists the educational programs of The West Los Angeles College (WLAC). The Foundation was established in 1974. The Foundation is governed by a ten (10) member Board of Directors (the Board) that serve as volunteers. The Board drives to provide funds to support the WLAC educational programs. The President of the College serves as an ex-officio member of the board with voting right. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The Foundation mission is to raise and manage funds that contribute to access, excellence and learning benefiting students of WLAC. The Foundation is committed to making higher education attainable for all in the greater Los Angeles community.

The Foundation objectives are:

1. To encourage partnerships between local business and industry and the college,
2. To advocate for excellence and innovation within programs at the college,
3. To serve as ambassadors in the community to promote the goals of the college, and,
4. To seek support from individuals, corporations and foundations to ensure educational opportunity for residents in the Community.

In addition to these objectives, by-laws of the foundation listed some of the activities that were identified to help aid WLAC Foundation fulfill its mission:

1. Expend Financial Support to the Campus and Faculty;
2. To further research and provide facilities for the students and community; and,
3. To provide scholarships, for awards, fellowships, grants in aid, and other educational financial assistance to worthy students, alumni members of the faculty and faculty emeritus of the College;

The Foundation source of revenue for the period within the audit was generated through donors/grantors based on the Foundations general ledger as of June 30, 2013 the Foundation operating fund is $623,839.00.

PURPOSE/OBJECTIVE
The objectives of the audit were to:

- Determine whether the internal control system is functioning as intended;
- Ascertain the existence and effectiveness of current policies and procedures;
- Evaluate the adequacy and test internal controls within the daily operational activities of the Foundation;
- Evaluate the Foundation record retention policies and procedures;
- Evaluate the use of the Foundation funds in ascertaining that the Foundation goals and objectives are met; and,
- Determine whether current practices are in accordance with Los Angeles Community College District (LACCD) policies and procedures, and federal and state laws and regulations.

SCOPE
The scope of this audit included a review of processes and procedures of the Foundation for the period July 1, 2010 through March 31, 2013. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the Foundation and performed an examination of the records associated with the operation of the Foundation.

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

Major Issues Identified:

A. Policies and Procedures

- Non-compliance to LACCD policies and procedures: The Foundation did not have policies and/or procedures to guide their decision making for day-to-day operations. (Impact: High)
B. Scholarship Distribution

- Non-compliance to LACCD policies and procedures: The Foundation documentation supporting the scholarship selection process was inadequate. This equates to 100% error rate. (Impact: High)

- Non-compliance to LACCD policies and procedures: The Foundation scholarship award information was not forwarded to the college financial aid office for notation on each students file. This equates to 100% error rate. (Impact: High)

C. Cash and Revenue Receipting

- Non-compliance to LACCD policies and procedures: The Foundation does not accurately account for receipts on a daily basis. (Impact: High)

D. Walkthrough

- Non-compliance to LACCD policies and procedures: The Foundation board does not have a process for approving and/or ratifying payments made for scholarships, services procured and items purchased. (Impact: High)

- Non-compliance to LACCD policies and procedures: There are internal control weaknesses within the Foundation operation associated with determining the business purpose of payments and validating donors intended use of funds. This equates to 100% error rate. (Impact: High)

- Non-compliance to LACCD policies and procedures: There were internal control weaknesses with the lack of segregation of duties for the WLAC Foundation. (Impact: High)

- Non-compliance to LACCD policies and procedures: Conflict of interest forms were not completed by the Board Members who are required to submit a conflict of interest disclosure forms. This equates to a 100% error rate. (Impact: High)

- Non-compliance to LACCD policies and procedures: The reconciliation performed lacks the attributes consistent with actual bank reconciliation. This equates to 100% error rate. (Impact: High)

- Non-compliance to LACCD policies and procedures: There were internal control weaknesses with the recording of revenue from library collections in the correct account. This equates to 100% error rate. (Impact: High)

- Non-compliance to LACCD policies and procedures: Foundations budget was not established. This equates to 100% error rate. (Impact: High)

- Non-compliance to LACCD policies and procedures: A master donors list with demographic information of donors and report of all donations and gifts was not retained. This equates to 100% error rate. (Impact: High)

- Non-compliance to LACCD policies and procedures:
  There are internal control weaknesses within the Foundation operation associated with the required supporting documentation to validate business purpose of financial transactions. (Impact: Considerable)
• **Non-compliance to LACCD policies and procedures:**
  There are internal weaknesses with the payment of a stipend to a District Employee. This equalled to a 100% error rate. *(Impact: Moderate)*

**E. Procurement**

• **Non-compliance with LACCD policies and procedures:** Expenditures were not properly approved. *(Impact: Moderate)*

**Management Action Plans and Completion Dates:**

**A. Policies and Procedures**

• The President of the Foundation will work with Board members to obtain an existing set of Policies & Procedures used for a Foundation supporting an institution of higher education and modify the contents to suit the work of the WLAC Foundation. *(March 2015)*

**B. Cash and Revenue**

• A cash receipts log has been initiated by the Foundation bookkeeper. The log will indicate from whom the cash or check was received, the date of the check, the payer, the amount, the date deposited, and include the initials of the person making the deposit *(April 2014)*

**C. Scholarships**

• The Director of the Foundation will work with the scholarship committee to create a rating form for the use of each committee member. *(September 2014)*

• Starting with Foundation scholarships granted in 2013-14, lists will be forwarded to the WLAC Financial Aid Director as soon as possible after the scholarship checks have been prepared. *(June 2014)*

**D. Walkthrough**

1. A list of all foundation expenditures should be reviewed and approved by the Foundation Board. A dollar threshold may be set by the Foundation if warranted. *(May 2014)*

2. Effective immediately, any donation for a new fund will have on file the necessary information to guide its use. *(April 2014)*

3. Compensating controls will be instituted to mitigate the lack of segregation of duties attendant upon a one-person accounting office: the CFA will review and approve all deposits, the CFA will review documentation and approvals and sign off on all disbursements, Foundation check stock will be kept in the Business Office. *(May 2014)*

4. Conflict of interest forms will be completed by Board Members for the current fiscal year, and for future years. *(June 2014)*
5. Formal monthly bank reconciliations have been performed since the beginning of the 2013-14 fiscal years. Formal monthly bank reconciliations have been performed since the beginning of the 2013-14 fiscal years. (May 2014)

6. Management will look into the feasibility of establishing an enterprise fund which would allow the library to use the collections from the copier machine to pay for the lease of the machine. (December 2014)

7. A budget will be developed by the President and approved by the Board on an annual basis. (September 2014)

8. Development software which will be utilized to develop a master donor’s list (March 2015)

9. The current “Request for Check” form will be used to explain the nature and purpose of any transfer and will be duly authorized. (April 2014)

10. The bookkeeper’s services will be accessed through the College and the College will be reimbursed for her services. (July 2014)

E. Procurement

- The College Foundation President will review the actual documentation on file for each payment on the list of payments prepared each month. (June 2014)
Signatures:

Nabil Abu-Ghazaleh, College President

Date: 4/16/14

Kenneth Takeda, Vice President, Administrative Services

Date: 4/11/14

Cc: Adriana Barrera, Interim Chancellor
    Budget and Finance Committee, LACCD Board of Trustees
    Jason Coleman, WLAC Foundation Board Chair
    Camille Goulet, General Counsel
    Jeanette Gordon, Chief Financial Officer/Treasurer

Audit Team:
Arnold Blanshard, CPA/CRMA/MBA, Director of Internal Audit
Tiffany Britt, CFE, Auditor
MEMORANDUM

TO: Dr. Monte Perez
FROM: Arnold Blanshard, CPA/CRMA/MBA, Director Internal Audit Department
DATE: Wednesday, July 31, 2013

SUBJECT: Possible Misappropriation of Los Angeles Mission College Foundation Funds.

BACKGROUND:
On January 16, 2013 the Internal Audit Department (IAD) received an allegation indicating that the former chairman of the Los Angeles Mission College (LAMC) Foundation (The Foundation) Board had written two checks payable to cash and that these checks were cashed and the money was used for non-related Foundation activities. The two checks amounted to $7,500.00 consisting of checks #2595 and 2596 in the amount of $2,500.00 and $5,000.00 respectively. Additionally, on July 2, 2013, the Foundation informed IAD that a check for the amount of $2,456.27 that was made payable to cash was cashed and the money was used for nonrelated foundation activities. It was furthermore stated that the signature on the check was a forged signature.

IAD interviewed the following key individuals during the investigation process:
- LAMC Employee A
- LAMC Employee B
- LAMC Employee C
- Person A
- Person B
- Person C
- Person D
- Person E
- Person F
- Person G

IAD utilized the following documents:
- Checks
- Foundation General Ledger
- Invoices
- Minutes of the Board
- Bank Statements

IAD did not interview Person H
FINDINGS OF THE FACTS:

Section A: BASIC BACKGROUND:

The Foundation is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of LAMC. The Foundation is governed by a seven member Board of Directors that drives to provide funds to support college educational programs. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The mission and goals of the Foundation are:

1. "To raise funds and provide stewardship for funds already raised, through annual scholarship drives, special events, grant applications and business partnerships.

2. To provide a local financial support system to needy and deserving students entering and continuing their education at Mission College", and

3. To improve the quality of life in the community by providing support for individuals from diverse backgrounds to pursue quality accessible educational programs and services.

The Foundation is involved with establishing public relations with individuals and businesses within the community of the college which will then facilitate these businesses to make financial donations and grants to the Foundation. The Foundation host fund raising events to raise funds for the purposes of supporting the college and awarding scholarships.

Section B: FINDING OF THE FACTS:

FOUNDATION GENERAL APPROVAL FOR PAYMENT PROCESS:

- Events expenses are usually preapproved with spending limits during a regular board meeting and this information is noted in the minutes of the Foundation.

- Purchases that are non-related to an event expense are present to the Foundation Board for payment after product is ordered or services are rendered.

- A check request form is completed and is signed by either the Chairman of the Board or the Treasurer as these two individuals are authorized to approve check request forms.

- The invoice is presented to the Foundation Board members at the monthly Foundation meeting for approval of payment. The approval of the invoice is noted in the minutes of the Foundation.

- Person E is provided with the approved check request form to generate a written check for all the invoices that were approved at the Board meeting and documented in the minutes of the Foundation.

- The check stubs are kept at Person E desk in a lock drawer and the key to the drawer is kept on the desk in an unsecured area.

- Person E prepares the written check and provide to Person A or Person B for signature.

- The signed checks are mailed to or picked up by the payee.
QUESTIONABLE CHECKS:

Check # 2595 dated 08/25/2012 in the amount of $2,500.00

- Check #2595 dated 08/25/2012 in the amount of $2,500.00 was paid to the order of “cash” and signed by Person E. The check referenced “olive festival misc. exp.” in the memo area.
- The check was cashed and no further questions were asked as to the validity of the expense until check # 2596 surfaced that was also made payable to cash.
- IAD requested from Person A backup documentation to substantiate the check amount. Person A provided IAD with the following information:
  - An invoice dated 09/14/2012 for the amount of $2,680.00 indicating that the money was used to pay for this invoice.
- Person A further indicated that:
  - Person A wrote, signed and endorsed the check written to “cash”,
  - The money was used to pay for expenses associated with the Olive Festival.
- IAD noted that:
  - The invoice provided to support the payment of $2,500.00 was greater than the check amount. The invoice amount totaled 2,680.00. This resulted in a $180.00 variance.
  - The description of items billed on the invoice was not aligned with the services that the vendor provides, and
  - The invoice date was 09/14/2012 which was 20 days after the date the check was written.

Check # 2596 dated 11/12/2012 in the amount of $5,000.00

- Check #2596 dated 11/25/2012 in the amount of $5,000.00 was paid to the order of “cash” and signed by Person E. The check referenced “Stern Scholarship” in the memo area.
- Person D was performing the bank reconciliation for the month of November 2011. Person D identified check #2596 and informed the Foundation of this check and check # 2595 discussed in the above paragraph.
- IAD requested from Person A backup documentation to substantiate the check amount. Person A provided IAD with the following information:
  - An invoice dated 12/30/2012 for the amount of $8,000.00 indicating that the money for used to pay for this invoice.

Person A further indicated that:
- The Person A wrote, signed and endorsed the check written to “cash”,
- The money was used to pay for expenses associated with the Coral Famers Market event.
• IAD noted that:
  o The invoice provided to support the payment of $5,000.00 was greater than the check amount. The invoice amount totaled $8,015.00. This resulted in a $3,015.00 variance.
  o The event “2013 San Fernando Valley Coral Farmers Market” for which this check was attributed as payment was an event that the Foundation was relieved from incurring any expenses. The event was geared as a profit sharing event with expenses paid by the promoters.

Check #2594 dated 06/11/2012 in the amount of $2,456.24

• On July 2, 2013, IAD was provided with check number 2594 dated 06/11/12 made payable to “cash” in the amount of $2,456.27. This check was signed by Person B. Person B indicated that the signature depicted on the check was not signed by Person B.

• Person A indicated that:
  o Person A may have written the information on the check but did not fully recall writing the check.
  o The signature on the check was that of Person B and does not think the signature was forged as Person A and Person B are friends for more than 30 years.
  o The endorsement on the back of the check was not Person A handwriting.
  o The cash was used to support one of the events for the Foundation but was unable to recall exactly which event, and
  o Any receipts to substantiate the amount were with the Foundation Office.

• Person A late recalled that the endorsement on the back of the check was indeed Person handwriting. This was after IAD provided another check that was made payable to and endorsed by Person A.

• IAD noted that:
  o Person A sent an e-mail to IAD that was inclusive of a check written to Person A. IAD compared the signature endorsement and the bank account number to that of the check #2594 and confirmed that the information was the same on both checks.
  o Person B confirmed that the signature on another check (#2591) written for the same amount $2,456.24 as check #2594, was in fact Person B signature, but the signature on the questionable check #2594 was not Person B signature.

ADDITIONAL OBSERVATION:

• IAD was informed that the Foundation checks are usually stored in a locked desk; however the key is kept at the desk.

• Anyone that knew where the key was stored at the desk can easily get the key and open the drawer where the checks were stored.

• Person A informed IAD that Person A is willing to pay the Foundation for any check that is not supported by the necessary required documents. Person A specifically identified the three checks paid to cash as checks that Person A will reimburse the Foundation for the fully amount.
• Person A indicated that Person A will take full responsibility of these funds as Person A was charged with the responsible to safeguard the asset (cash) of the Foundation funds.

• The payment process for the identified checks did not go through the Foundation normal approval for payment process.

• IAD noted that the three checks in questions were in numerical sequence (2594, 2595, and 2596); however the dates on the checks were in different time frame (July, August, and November).

• IAD further noted that during the time frame of July through November the Foundation wrote several checks. For example in July 2012 the Foundation wrote 16 scholarship checks with sequential check numbers 2597 through 2612.

AUDITORS OPINION:

*Allegation 1: The former chairman of the Foundation board had written two checks payable to cash and that these checks were cashed and the money was used for non-related Foundation activities.*

IAD has concluded that Person A did not have the supporting documentation to warrant any justification of the three checks paid to cash. IAD based this conclusion on the following:

• Person A was unable to provide sufficient documentation to support the total of $9,956.244 checks written to “cash”.
  
  o The documentation to support check # 2595 dated 08/25/2012 in the amount of $2,500.00 did not support the total amount billed on the invoice provided as the invoice a totaled amount was $2,680.00. IAD confirmed with the Vendor that no additional money was owed from the Foundation as the Vendor actually received full payment from Person A on September 3, 2012,

  o Furthermore the Vendor indicated that the charges noted on the invoices were for expenses the Vendor incurred during the actual dates (September 1, 2, and 3, 2012) of the “Olive festival events”.

  o The date (08/25/2012) on check #2595 predated the actual occurrence of the actual expenses (September 1, 2, and 3, 2012) as noted on the invoice.

  o The documentation to support check # 2596 dated 11/12/2012 in the amount of $5,000.00 did not support the total amount billed on the invoice provided as the invoice amount totaled $8,015.00.

  o The event for which check # 2596 was attributed to was a profit sharing event for which the Foundation was not to incur any expenses.

  o The date (11/12/2012) on check #2596 predated the event date (February 8 & 9, 2013).

  o There was no documentation to support that the money from check #2594 dated 06/11/2012 in the amount of $2,456.24 was used in conjunction with the Foundation activities.

• It was not within the Foundation normal business practice to write checks payable to “cash”. These three questionable checks were all written payable to cash.

• All three checks were within the same the check number sequence (2594, 2595, and 2956) however the months (June, August, and November) the checks were written were two to three months apart.
- Other Foundation checks written by the Foundation during this period where within the same check number sequence and the same month sequence.

**Allegation II:** The signature of Person B was forged on check # 2594;

IAD was unable to render an opinion on this allegation as there is insufficient information available at this time.

**RECOMMENDATION:**

IAD recommends that:

1. The Foundation demand the repayment of the $9,956.24 from Person A for all checks written to “Cash” that was endorsed by Person A as these checks were not supported with the required sufficient document to justify the payment.

2. The Foundation established a segregation of duties that will ensure that access to blank checks is not made available to individuals that are authorized to sign checks.

3. The Foundation creates a secure location such as a safe to store the blank checks. If a desk draw is used to store the checks then the foundation should ensure that the keys are stored in secured location that will negate easy access to the keys.

4. Foundation employees responsible for writing checks should be required to review and maintain documentation of the check sequence to ensure that check written follow the numerical sequence. In the event that the checks are missing, then the employee should be required to communicate to a member of the Foundation board and LAMC in order to resolve immediately.

5. Foundation creates policies and procedures that will require two signatures on checks that exceed $500.00.

6. The Foundation should implement a process whereby all purchases require prior approval.

7. Implement policies and procedures for seeking reimbursement of expenditures by Foundation employees. Individuals should be required to complete a reimbursement form and submit all documentation denoting valid expenditures. Vendors seeking reimbursement should be required to invoice the Foundation and provide supporting receipts.

8. The bookkeeper/Foundation employee should maintain a log notating the detail of the checks written and distributed. The log should list the check number, check date, name of payee, and a signatory line with the date that the checks are physically provided to the payee. A notation should also be made for checks that are mailed out.

9. This check distribution log should be reviewed and compared to the bank statements by the Treasurer and the external CPA.

10. The Foundation develops a policy that will negate an employee from approving their own expenses.

11. The LAMC should increase its oversight of the activities of the Foundation as mandated by the board rules and administrative regulation.

12. The Foundation includes in the Foundation by-laws a requirement that specifically includes the LAMC oversight as it relates to the processing of checks. The LAMC oversight must involve the following:
   
   a. Reviewing and validating the accuracy of all check payment by comparing the expenses associated with the checks to the foundation authorized expenses,
b. A reconciliation of all accounts within the foundation must be performed by the LAMC on a quarterly basis, and
c. A log should be maintained by the Foundation and the LAMC for any questionable transactions and/or discrepancies identified.

13. The LAMC mandates that an internal audit be performed on the Foundation at least once every three years.

14. The Foundation and the LAMC conduct self-audits to ensure that policies and procedures are followed.

15. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policies and procedures.

16. An accountability clause is incorporated to policies and procedures to ensure accountability.

DISTRIBUTION:
Adriana Barrera, Interim Chancellor
The Finance and Audit Committee; Board of Trustees
Albert Alvarez: Chairman/Treasurer of the LAMC Foundation
Camille Goulet, General Counsel
Jeanette L. Gordon, CFO/ Treasurer
Daniel Villanueva, Vice President of Administrative Services, LAMC

AUDIT TEAM:
Arnold Blanshard, CPA/CRMA/MBA Director Internal Audit Department
Keyna Crenshaw, Auditor

The following memorandum is intended exclusively for LACCD and should not be referred to or distributed for any other purpose to any individual who is not a representative of LACCD, LACCD's audit committee, LACCD management, or LACCD's general counsel without the express written consent of LACCD Internal Audit, except as may be required by law, regulation, or judicial or administrative process. The following memorandum is not intended to be relied upon and should not be relied upon by anyone other than LACCD or anyone who is not a representative of LACCD. The following analysis and observations as outlined in this memorandum are based solely on the information, explanations, and representations, which have been provided to Internal Audit throughout the course of our investigation. The following memorandum outlines our analyses and observations as of the date of the memorandum. To the extent that any relevant documents or information come to our attention after the date of this memorandum, we reserve the right to review any such information and to supplement and/or modify our conclusions; however, we are under no obligation to do so.
B. DISTRICTWIDE/COLLEGE MARKETING, OUTREACH AND RECRUITMENT SURVEY
# Results of Spring 2014 District Budget Committee Marketing and Recruitment Survey

## Activity Summary

<table>
<thead>
<tr>
<th>Activities (actual and planned)</th>
<th>City</th>
<th>East</th>
<th>Harbor</th>
<th>Mission</th>
<th>Pierce</th>
<th>Southwest</th>
<th>Trade-Tech</th>
<th>Valley</th>
<th>West</th>
<th>Number of Colleges with Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Boards</td>
<td>☑</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Bus/Train Ads</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Campus Pole Banners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campus Posters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Cinema Ads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>College Brochure/Flyers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Community Appearances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Direct Mail</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Email and Text Blasts to Students</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Facebook/Social Media Ads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Faculty promoting class schedule</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Google Ads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hand Delivered Flyers and Postcards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Mini Class Schedules</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Newspaper/Print Ads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Press Releases Resulting in Articles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Radio Ads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street Banners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Table Banners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TV/Cable Ads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wall Ads</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Web Site Ads/Features</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Recruitment &amp; Outreach Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student recruiters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Boot Camps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Regular Visits to HS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation in College Fairs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student field trips/tours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of Distance Education Portal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Themed Activities/Events</td>
<td>☑</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>$65,278</td>
<td>$0</td>
<td>$290</td>
<td>$0</td>
<td>$7,294</td>
<td>$21,976</td>
<td>$152,374</td>
<td>$136,194</td>
<td>$66,015</td>
<td>$445,421</td>
</tr>
<tr>
<td>2013-14</td>
<td>$48,518</td>
<td>$0</td>
<td>$87,000</td>
<td>$22,848</td>
<td>$78,771</td>
<td>$69,695</td>
<td>$99,539</td>
<td>$10,000</td>
<td>$138,483</td>
<td>$554,854</td>
</tr>
<tr>
<td>2014-15 (planned)</td>
<td>$108,318</td>
<td>$250,000</td>
<td>$87,000</td>
<td>$50,000</td>
<td>$92,500</td>
<td>$75,222</td>
<td>$104,932</td>
<td>$103,100</td>
<td>$141,000</td>
<td>$1,012,272</td>
</tr>
</tbody>
</table>

*Non-personnel*
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>City</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>Advertisement on the web page</td>
<td>$0</td>
<td>Banners</td>
<td>$60,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Facebook announcements sent to students</td>
<td>$0</td>
<td>Newspaper ad</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Faculty advertise summer classes to students in their classes</td>
<td>$0</td>
<td>Bus signage</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$65,278</td>
<td>College fairs and tours</td>
<td>High school visits/presentations</td>
<td>$48,518</td>
<td>College fairs and tours</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High school visits/presentations</td>
<td>Offsite assessments</td>
<td>Offsite assessments</td>
<td></td>
</tr>
<tr>
<td><strong>Total: City</strong></td>
<td>$65,278</td>
<td></td>
<td>$48,518</td>
<td></td>
<td>$108,518</td>
</tr>
<tr>
<td><strong>East</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td></td>
<td>$0</td>
<td></td>
<td>$250,000</td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$0</td>
<td></td>
<td>$0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total: East</strong></td>
<td>$0</td>
<td></td>
<td>$0</td>
<td></td>
<td>$250,000</td>
</tr>
<tr>
<td><strong>Harbor</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$290</td>
<td>Street Banners</td>
<td>Comprehensive college brochure</td>
<td>$12,000</td>
<td>Street Banners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Admissions/application assistance, orientation, tours and open house/fair activities at high schools</td>
<td>Boot Camps</td>
<td>$75,000</td>
<td>Admissions/application assistance, orientation, tours and open house/fair activities at high schools</td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total: Harbor</strong></td>
<td>$290</td>
<td></td>
<td>$87,000</td>
<td></td>
<td>$87,000</td>
</tr>
<tr>
<td><strong>Mission</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>Bus tail ads, cable TV ads, bill boards at key locations</td>
<td>$0</td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Workshops for high schools students</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$0</td>
<td>Partnership with Youth Policy Institute (visits by 400 seniors in spring 2014)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total: Mission</strong></td>
<td>$0</td>
<td></td>
<td>$22,848</td>
<td></td>
<td>$22,848</td>
</tr>
<tr>
<td><strong>Pierce</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>Outdoor Bus Advertising (bus stops/bus ends/interiors)</td>
<td>$71,347</td>
<td>Outdoor Bus Advertising (bus stops/bus ends/interiors)</td>
<td>$85,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cable TV</td>
<td>Summer campaign (still defining venue)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$7,294</td>
<td>HS Liaisons and supplies</td>
<td>$7,424</td>
<td>HS Liaisons and supplies</td>
<td>$7,500</td>
</tr>
<tr>
<td><strong>Total: Pierce</strong></td>
<td>$7,294</td>
<td></td>
<td>$78,771</td>
<td></td>
<td>$92,500</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------------------</td>
<td>--------------------------</td>
<td>---------------------------</td>
<td>-----------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Southwest</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$21,976</td>
<td>Local newspaper</td>
<td>Local newspaper</td>
<td>Local newspaper</td>
<td>$75,222</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Radio</td>
<td>Radio</td>
<td>Radio</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metro Bus ads</td>
<td>Metro Bus ads</td>
<td>Metro Bus ads</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local television (Time Warner Cable)</td>
<td>Local television (Time Warner Cable)</td>
<td>Local television (Time Warner Cable)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marketing post-cards</td>
<td>Marketing post-cards</td>
<td>Marketing post-cards</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cinema ads</td>
<td>Cinema ads</td>
<td>Cinema ads</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Campus posters, emails and text blasts</td>
<td>Campus posters, emails and text blasts</td>
<td>Campus posters, emails and text blasts</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>High School Senior Program</td>
<td>High School Senior Program</td>
<td>High School Senior Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Beat The Rush</td>
<td>Beat The Rush</td>
<td>Beat The Rush</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black College Expo</td>
<td>Black College Expo</td>
<td>Black College Expo</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Church Outreach – printing cost</td>
<td>Church Outreach – printing cost</td>
<td>Church Outreach – printing cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>First-Year experience- federally funded project</td>
<td>First-Year experience- federally funded project</td>
<td>First-Year experience- federally funded project</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unification Event – No fee. Cost for printing outreach material</td>
<td>Unification Event – No fee. Cost for printing outreach material</td>
<td>Unification Event – No fee. Cost for printing outreach material</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Taste of Soul Event</td>
<td>Taste of Soul Event</td>
<td>Taste of Soul Event</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>High School Principal/Counselor Breakfast</td>
<td>High School Principal/Counselor Breakfast</td>
<td>High School Principal/Counselor Breakfast</td>
<td></td>
</tr>
<tr>
<td><strong>Total: Southwest</strong></td>
<td><strong>$21,976</strong></td>
<td><strong>$69,695</strong></td>
<td><strong>$75,222</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trade-Tech</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$87,002</td>
<td>Clear Channel Radio spots</td>
<td>Clear Channel Radio</td>
<td>Clear Channel Radio</td>
<td>$66,282</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ads for fall and spring enrollment</td>
<td>Ads for fall and spring enrollment</td>
<td>Ads for fall and spring enrollment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promotional videos on website</td>
<td>Promotional videos on website</td>
<td>Promotional videos on website</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ads aired at home games</td>
<td>Ads aired at home games</td>
<td>Ads aired at home games</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$64,539</td>
<td>$64,539</td>
<td>$64,539</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$65,372</td>
<td>Welcome Week</td>
<td>Welcome Week</td>
<td>Welcome Week</td>
<td>$104,952</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash for College</td>
<td>Cash for College</td>
<td>Cash for College</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black College Expo</td>
<td>Black College Expo</td>
<td>Black College Expo</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recruitment Middle-High Schools</td>
<td>Recruitment Middle-High Schools</td>
<td>Recruitment Middle-High Schools</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Give Aways</td>
<td>Give Aways</td>
<td>Give Aways</td>
<td></td>
</tr>
<tr>
<td><strong>Total: Trade</strong></td>
<td><strong>$152,374</strong></td>
<td><strong>$99,539</strong></td>
<td><strong>$104,952</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Results of Spring 2014 District Budget Committee Marketing and Recruitment Survey

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>$0</td>
<td>$93,100</td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Total: Valley</td>
<td>$136,194</td>
<td>$19,000</td>
<td>$183,100</td>
</tr>
</tbody>
</table>

### Valley

- **Marketing & Advertising**
  - "Bus Tail" Ads
- **Recruitment & Outreach**
  - Coordinated Outreach Services to high schools, College Fest, Counselor Day, and Senior Day and other campus events.

### West

- **Marketing & Advertising**
  - Cable
  - Billboards
  - Street Banners
  - Hand-delivered Postcards & Flyers
  - Social Media
  - Community Newspaper & Civic Organization Ads
  - Appearance at Large Community Street Fair
  - Upgrade of Web Site
  - Campus pole banners
  - Exterior bus ads

- **Recruitment & Outreach**
  - $3,515
  - Student field trips (admissions presentation, assessment, campus tour) and high school faculty events

### Total: All Colleges

- **Total: All Colleges**
  - $449,421
  - $554,854
  - $1,012,272
C. USE OF FUNDS FROM DISTRIBUTION OF 2012-13 GENERAL REVENUE RECAL
Subject: AUTHORIZE THE DISTRIBUTION OF $8,912,000 STATE GENERAL REVENUE FROM 2012-13 RECALCULATION

In General Fund, authorize to distribute $8,912,000 of the remaining $9,369,131 of the 2012-13 State General Revenue Recalculation to augment college and District budgets to fund the following activities (eBTA’s: D-0564, D-0565, D-0566, D-0567, D-0568, D-0571):

1. $7,752,000 – to increase the funding for the 2 percent growth over-cap target (2% above the 1.63% state funded enrollment growth revenue) by increasing the rate from $2,324 per FTES to $4,000 per FTES;

2. $300,000 – District Marketing, Outreach and Recruitment Campaign;

3. $300,000 – Accreditation Planning Activities for Los Angeles Mission College, Los Angeles Southwest College, and Los Angeles Valley College;

4. $360,000 – CURRICUNET Software Application; and

5. $200,000 – Sub & Relief Time for SIS Conversion Project Support

Supporting summary information is provided in Attachment I.

On March 19, 2014 District Budget Committee (DBC) made a unanimous recommendation to the Chancellor to distribute $6,160,000 (Attachment II).

On March 24, 2014, the Board Budget and Finance Committee reviewed the DBC recommendation as shown in Attachment II.

The Board Budget and Finance Committee removed the DBC recommendation of $300,000 for funding the District/College Marketing, Outreach, and Recruitment Campaign pending more detailed planning information. These items, including the detailed information for marketing, will be reviewed by the Budget and Finance Committee on April 23, 2014 prior to the meeting of the Board of Trustees.
Background: On February 20, 2014, the State Chancellor's Office released the 2012-13 General Revenue Recalculation, which increased the allocation for the Los Angeles Community College District by $17,462,244. These additional funds resulted from an increase to the Redevelopment Agency backfill, additional Funded Enrollment Growth Revenue, additional funding for the EPA Fund, and additional State General Revenue.

Of the $17,462,244 million available, the Board of Trustees previously approved the distribution of $8,912,000 (Comm. BF3 and BF4 on February 12, 2014 and Comm. BF3 on March 12, 2014). The remaining $9,369,131 was set aside in the Unallocated General Fund. These Board actions will reduce the remaining $9,369,131 to $457,131 in the Unallocated General Fund Account.
SUMMARY INFORMATION

1. Funding for the 2 percent growth over-cap target at $4,000 per FTES

Colleges will utilize these additional funds to restore classes and meet the District’s 3.63 percent enrollment target, to augment/pay for summer offerings, and to offset current year projected deficits. The distribution of the 2 percent is provided on Attachment 1, page 3 of 3.

2. District Marketing, Outreach and Recruitment Campaign

The District Budget Committee recommended to the Chancellor funding for the district-wide and college campaign on marketing, recruitment, and outreach activities. The district has completed the marketing and recruitment activities survey for FY 2012-13 and FY 2013-14 from each college. The colleges have done some major marketing activities in the current year such as street banners, bus tail ads, cable TV ads, billboards, and recruitment at high schools.

These additional funds will be utilized for summer advertising and recruitment activities.

3. Accreditation Planning Activities

Three colleges (Mission, Southwest, and Valley) and the Educational Services Center will receive these additional funds to assist them in preparing for 2014 accreditation activities. The remainder will be distributed districtwide.

Mission College - $50,000 for mediation training, student services staff training, consulting services to guide learning and administrative outcome, steering committee retreat, and ACCJC team support and logistics

Southwest College - $49,000 for SLO workshop, Microsoft SharePoint documentation management system implementation, technical support for the new online SLO system and online program review system, and ACCJC team visit support and logistics

Valley College - $33,000 for Institutional Research consulting services, accreditation forum, and ACCJC team visit support and logistics
Educational Services Center - $78,000 for consulting services to assist Chancellor’s Senior Staff in developing outcome statements and evaluation metrics, statements on functional areas and program review reports

Districtwide - $90,000 to align achieving the dream activities at the colleges with Student Success and Support program.

4. CURRICUNET Software Application

The CURRICUNET system will replace the current curriculum home-grown system which was customized to the outgoing Protocol course management system. The current system maintains the course outline of record. Retaining this system is not an option as Protocol is being replaced by the PeopleSoft and the entire in-house system would have to be re-written from scratch. Rebuilding an in-house system is neither effective nor consistent with statewide curriculum management standards. The CURRICUNET system is being used by the majority of California community colleges. It is also the system of record for the California Community Colleges Chancellor’s Office (CCCCO).

5. Sub & Relief for SIS Conversion Project

The requested funds are to reimburse colleges for employees who have been released to participate in the configuration, system testing, and training of the SIS project. Sub and relief time will be used to backfill for staff as they work on the SIS conversion.

Configuration Setup - $92,366 for staff to work with the SIS consultants to develop business rules and configuration specifications.

System Testing - $22,367 for staff to assist the SIS consultants develop test scripts scenarios, participate in proofing test scripts, execute test scripts, validate and log results of tests, test third-party interfaces, and conduct regression testing, if needed.

Training - $85,267 to provide on-site training for each employee depending on his/her role.
### FUNDING FOR PROJECTED 2% OVERCAP

<table>
<thead>
<tr>
<th></th>
<th>FTES @ 1.63%</th>
<th>FTES @ 3.63%</th>
<th>CHANGE</th>
<th>FUNDED @ $2324/FTES</th>
<th>FUNDED @ $4000/FTES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY</td>
<td>13,904</td>
<td>14,179</td>
<td>275</td>
<td>$639,100</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>EAST</td>
<td>21,311</td>
<td>21,730</td>
<td>419</td>
<td>$973,756</td>
<td>$1,676,000</td>
</tr>
<tr>
<td>HARBOR</td>
<td>6,529</td>
<td>6,657</td>
<td>128</td>
<td>$297,472</td>
<td>$512,000</td>
</tr>
<tr>
<td>MISSION</td>
<td>5,950</td>
<td>6,067</td>
<td>117</td>
<td>$271,908</td>
<td>$468,000</td>
</tr>
<tr>
<td>PIERCE</td>
<td>14,085</td>
<td>14,362</td>
<td>277</td>
<td>$643,748</td>
<td>$1,108,000</td>
</tr>
<tr>
<td>SOUTHWEST</td>
<td>5,045</td>
<td>5,144</td>
<td>99</td>
<td>$230,076</td>
<td>$396,000</td>
</tr>
<tr>
<td>TRADE-TECH</td>
<td>11,785</td>
<td>12,016</td>
<td>231</td>
<td>$536,844</td>
<td>$924,000</td>
</tr>
<tr>
<td>VALLEY</td>
<td>12,574</td>
<td>12,821</td>
<td>247</td>
<td>$574,028</td>
<td>$988,000</td>
</tr>
<tr>
<td>WEST</td>
<td>6,857</td>
<td>6,982</td>
<td>135</td>
<td>$313,740</td>
<td>$540,000</td>
</tr>
<tr>
<td>ITV</td>
<td>432</td>
<td>442</td>
<td>10</td>
<td>$23,240</td>
<td>$40,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>96,472</td>
<td>100,410</td>
<td>1,938</td>
<td>$4,503,912</td>
<td>$7,752,000</td>
</tr>
</tbody>
</table>

*As recommended by the DBC, March 19, 2014.*
Inter-Office Correspondence
Los Angeles Community Colleges

March 19, 2014

To: Adriana Barrera, Ph.D.
   Interim Chancellor

Jeanette Gordon
Chief Financial Officer/Treasurer

From: Kathleen F. Burke
   John McDowell
   Co-chairs DBC

SUBJECT: DBC Recommendation on the Distribution of $9.3 million,
   Remainder of the $17.4 million from the 2012-13 State General
   Revenue Recalculation

On March 19, 2014, by a unanimous vote, the DBC passed a motion to increase the
funding for the 2 percent growth over-cap target (2% above the 1.63% state funded
enrollment) by increasing the rate of $2,324 per FTES to $4,000 per FTES. This will
fund approximately 2,600 FTES or $8 million to be distributed to all colleges -and all
colleges are planning to meet the district-wide target of 3.63%.

It was also recommended that the remaining $1.3 million be used to fund other budget
needs as discussed in the DBC meeting as follows:

1. $300,000 - District Marketing, Outreach and Recruitment Campaign
2. $300,000 - Accreditation Planning Activities
3. $360,000 - CURRICUNET Application
4. $200,000 - Staffing Release Time for SIS Conversion Project

The committee discussed other possible budget items for funding such as augmentation
of summer offerings, 2014-15 enrollment growth target, FON, and college deficits but
DBC determined that, in addition to being the best and fairest way to distribute these
funds, basing the distribution on earned FTES would also address these other needs.

These recommendations are forwarded to you both for consideration.

[Signature]
3/20/14
BF 2: AUTHORIZE THE DISTRIBUTION OF $8,912,000
STATE GENERAL REVENUE FROM 2012-2013
RECALCULATION

(ADDITIONAL SUPPORTING DETAILED INFORMATION)*

- Accreditation Planning Activities for Los Angeles Mission College, Los Angeles Southwest College, and Los Angeles Valley College

- CURRICUNET Software Application

- Sub & Relief Time for SIS Conversion Project Support

*For District Marketing Outreach and Recruitment Campaign, see section B.
<table>
<thead>
<tr>
<th>Resource Requested</th>
<th>Rationale for Request</th>
<th>Anticipated Cost</th>
<th>Accreditation Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mediation Training</td>
<td>Conduct 40 hours of training for 25 faculty and staff to be trained as mediators</td>
<td>$15,000</td>
<td>III: Resources</td>
</tr>
<tr>
<td>2 Student Services Staff Training</td>
<td>Mentor and Train Student Services staff to conduct comprehensive program review</td>
<td>$10,000</td>
<td>II: Student Learning Programs &amp; Support Services</td>
</tr>
<tr>
<td>3 Consultant</td>
<td>Hire a consultant to guide learning/administrative outcome assessments for student services division</td>
<td>$20,000</td>
<td>II: Student Learning Programs &amp; Support Services</td>
</tr>
<tr>
<td>4 Steering Committee Retreat</td>
<td>Convene retreat for Accreditation Steering Committee Members prior to ACCJC Follow-up Visit</td>
<td>$2,000</td>
<td>III: Resources</td>
</tr>
<tr>
<td>5 ACCJC Team Visit</td>
<td>Costs related to printing and mailing follow-up report to ACCJC and Visiting Team members, staff overtime to prepare to visit, hosting costs (i.e. mileage reimbursement, meals, refreshments) and supplies for visit.</td>
<td>$3,000</td>
<td>All Standards</td>
</tr>
</tbody>
</table>

**Total Request for 2014 Visit** $50,000
<table>
<thead>
<tr>
<th>Resource Requested</th>
<th>Rational for Request</th>
<th>Anticipated Cost</th>
<th>Accreditation Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 SLO Workshop</td>
<td>Provide training and support to LASC in its efforts to meet the ACCJC Proficiency level for student learning outcomes.</td>
<td>$1,004</td>
<td>II. Student Learning Programs and Support Services</td>
</tr>
<tr>
<td>2 Microsoft SharePoint</td>
<td>SharePoint will allow LASC to provide intranet and internet portals and a document management system that will facilitate collaboration and communication. Specifically, SharePoint will streamline LASC's Program Review and SLO processes, as well as maximize the college's ability to ensure that dialogues and decisions affecting the college are communicated clearly and widely across campus.</td>
<td>$15,000</td>
<td>I. Mission, Academic Quality, Institutional Effectiveness</td>
</tr>
<tr>
<td>3 Technical Support</td>
<td>Technical support for the implementation and roll-out of SharePoint, the new online SLO system, and the new online program review system.</td>
<td>$30,000</td>
<td>I. Mission, Academic Quality, Institutional Effectiveness</td>
</tr>
<tr>
<td>4 ACCJC Team Visit Support and Logistics</td>
<td>Costs related to printing and mailing follow-up report to ACCJC and Visiting Team members, staff overtime to prepare to visit, hosting costs (i.e. mileage reimbursement, meals, refreshments) and supplies for visit.</td>
<td>$3,000</td>
<td>All Standards</td>
</tr>
</tbody>
</table>

TOTAL REQUEST FOR 2014 VISIT $49,004
<table>
<thead>
<tr>
<th>Resource Requested</th>
<th>Rational for Request</th>
<th>Anticipated Cost</th>
<th>Accreditation Standard</th>
</tr>
</thead>
</table>
| 1 Institutional Research Consultant| • Review all accreditation documents and provide feedback  
                                • Meet with college staff and accreditation work groups to strengthen report and responses  
                                • Develop independent recommendations on steps college should take to strengthen accreditation standing  
                                • Facilitate an accreditation forum to take place prior to ACCJC Follow-up Visit | $ 28,000         | IV. Decision Making Process     |
| 2 accreditation Forum              | Cover costs associated with logistics of accreditation forum                         | $ 2,000          | III. Resources                  |
| 3 ACCJC Team Visit Support and Logistics | Costs related to printing and mailing follow-up report to ACCJC and Visiting Team members,  
                                staff overtime to prepare to visit, hosting costs (i.e. mileage reimbursement, meals, refreshments), and supplies for visit. | $ 3,000          | All Standards                   |
| TOTAL REQUEST FOR 2014 VISIT       |                                                                                     | $ 33,000          |                                 |
## EDUCATIONAL SERVICES CENTER (ESC)

<table>
<thead>
<tr>
<th>Resource Request</th>
<th>Rationale</th>
<th>Anticipated Cost</th>
<th>Accreditation Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultant</td>
<td>Review and edit ESC Statements on Functional Areas</td>
<td>$75,000</td>
<td>Standard III: Resources</td>
</tr>
<tr>
<td></td>
<td>Assist Chancellor's Sr. Staff in developing Outcome Statements and Evaluation Metrics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guide First Cycle of Program Review for ESC Departments/Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review and Edit ESC's Program Review Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESC Internal Logistics</td>
<td>Costs Related to Publication of Reports</td>
<td>3,000</td>
<td>All Standards</td>
</tr>
<tr>
<td>Total Cost</td>
<td></td>
<td>$78,000</td>
<td></td>
</tr>
</tbody>
</table>

## Districtwide

| Achieving the Dream   | Provide participation for the nine colleges to align ATD activities with Student Success and Support Program Integrate college plans to address accreditation standard with regard to student learning and success | $90,000          | Standard II: Student Learning Programs and Services |
BuildLACCD

Curriculum Management Module for Student Information System (SIS)
White Paper

Date: November 25, 2013

To: James O'Reilly, Executive Director - Facilities Planning/Development, LACCD

From: Bobbi Kimble; Jorge Mata
Interim Vice Chancellor Institutional Effectiveness; Chief Information Officer, LACCD

CC: Anne Diga, Associate General Counsel, LACCD
Mona Garber, Compliance Manager for BuildLACCD
BuildLACCD Controls Group
BuildLACCD Docview

RE: Curriculum Life-cycle Management, related software configuration and data migration for integration with the PeopleSoft Campus Solutions Student Information System.
SIS Consulting Services (40J-J05.01)

1) Summary
   a) Requested action - LACCD intends to purchase a course management system software including configuration and data migration services and extended warranty. The system will be fully integrated with the PeopleSoft Campus Solutions system currently being configured for deployment.
   b) Reasons for requested action - The curriculum system maintains the course outlines of record. The course outline of record is a legal document that must contain certain required elements per Title 5 § 55002. The system also addresses potential modifications for approvals (with workflow) within LACCD, while performing state mandated integrity checks to validate them with State standards. This will ensure enhanced compliance with state requirements maintained by the State Chancellor's office. The proposed system also maintains compatibility with CSU and UC system's articulation, to validate transfer credits for LACCD students.

The requested system will replace the current home-grown system, which was customized to the outgoing Protocol course management system. Retaining this system is not an option as Protocol is being replaced by the PeopleSoft and the entire in-house system would have to be re-written, from scratch. Rebuilding an in house system is not cost effective, nor consistent with statewide curriculum management standards.

The proposed system, CurricUNET, is in use at the majority of California community colleges. It is also the system of record for the California Community Colleges Chancellor's Office (CCCCO), meaning that individual colleges are required to upload
their course and program documents to the State system for approval. In addition, CurricUNET was recently awarded a State contract to become the system of record for ASSIST, the online system that facilitates course articulation between the CSU, UC and community college systems. As a result, CurricUNET has become the platform of record for not only individual college course outlines, but also as the method of transmittal between the colleges and the CCCCO and the UC/CSU articulation systems. It is also the means whereby college MIS uploads are vetted against the State database. Not having CurricUNET as our system of record requires that we must continually reconcile data between the State MIS system and our local system, a continual drain of staff time and potential data mismatches.

CurricUNET can be procured using a master agreement with the Foundation for California Community Colleges, which would allow LACCD to engage in a piggyback purchase for software which does not require that public bids to be obtained.

The proposed system will be procured as a complete package including: migration of course data from the existing system, as well as current and future software updates ensuring continued functionality to meet changing state requirements to comply with new laws and regulations.

The inclusion of the warranty in the software updates and support is standard in the software industry, primarily due to complexity of future software upgrades which may necessitate technical assistance from the manufacturer. Moreover, the SIS is being implemented over a multi-year period covering all the nine colleges and will be fully operational at the conclusion of a full academic year when an MIS report generated by the system can be certified to the state for LACCD funding. The warranty will need to continue through this three year period.

c) Approvals for requested action – see below

2) Body
   a) State the problem –
      Whether purchasing a new curriculum management system and data migration for the new SIS software system is an appropriate expenditure of bond funds.
   b) Why do we need to change something – The legacy system will require a major software rewrite to be compatible with the new SIS and procuring an off-the-shelf system and data migration would provide the certainty required to integrate with the State system and is being used by the majority of the community colleges in the State.
   c) What is the solution to the problem – Use Measure J funds to pay for these services and extended technical support that includes software updates and technical support for correction of software bugs and upgrade functional features.

3) Bullet points to justify the solution
   a) The proposed vendor and system are the system of record for the CCCCO, the ASSIST higher education articulation system, and the majority of the community colleges in California. Procuring this system will ensure that LACCD is able to
achieve full compatibility with State requirements in an accurate and streamlined manner.

b) The Foundation for California Community Colleges has a Master Agreement for the system and associated services, which will allow LACCD to engage in a piggyback purchase for software which does not require that public bids to be obtained.

4) Future actions that maybe required by BuildLACCD
   a) Funds for this software package, warranty and services have been budgeted in the SIS project from the Bond – no future action is required by BuildLACCD.

Bobbi Kimble
Interim Vice Chancellor - Institutional Effectiveness
Los Angeles Community College District

Jorge Mata
Chief Information Officer
Los Angeles Community College District

11-25-13
Phase #2 Configuration

The subject matter experts' role in configuration is to explain to the consultant the LACCD business rules for their department to set-up the configuration specifications.

<table>
<thead>
<tr>
<th>Module</th>
<th>Employee Name</th>
<th>College</th>
<th>Hours per week/Month</th>
<th>Estimate Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>A &amp; R Office Supervisor</td>
<td>LA City College</td>
<td>20/80</td>
<td>$4,272.00</td>
</tr>
<tr>
<td></td>
<td>A &amp; R Office Supervisor</td>
<td>East LA College</td>
<td>20/80</td>
<td>$4272.00</td>
</tr>
<tr>
<td></td>
<td>Dean of Student Services</td>
<td>LA City College</td>
<td>4/16</td>
<td>$960.00</td>
</tr>
<tr>
<td>Student Financials</td>
<td>Supervising Accounting</td>
<td>LA Mission College</td>
<td>12/48</td>
<td>$2,079.42</td>
</tr>
<tr>
<td></td>
<td>Technician</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>College Financial Admin.</td>
<td>LA Trade Technical College</td>
<td>12/48</td>
<td>$2,991.60</td>
</tr>
<tr>
<td></td>
<td>2 Accounting Unit Reprs</td>
<td>ESC</td>
<td>12/48</td>
<td>$4,162.56</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>Financial Aid Manager</td>
<td>Pierce College</td>
<td>8/32</td>
<td>$3,665.60</td>
</tr>
<tr>
<td></td>
<td>Financial Aid Manager</td>
<td>East LA College</td>
<td>8/32</td>
<td>$3,665.60</td>
</tr>
<tr>
<td>Position</td>
<td>College</td>
<td>Hours</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------------------------</td>
<td>----------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>6 Central Financial Aid Unit</td>
<td>ESC</td>
<td>8/32</td>
<td>$14,948.56</td>
<td></td>
</tr>
<tr>
<td>Student Records</td>
<td>Articulation Officer</td>
<td>Pierce College</td>
<td>4/16</td>
<td>$1,200</td>
</tr>
<tr>
<td>SSSP Director/Counselor</td>
<td>LA City College</td>
<td>4/16</td>
<td>$1,200</td>
<td></td>
</tr>
<tr>
<td>A&amp;R Office Supervisor</td>
<td>West LA College</td>
<td>4/16</td>
<td>$554.00</td>
<td></td>
</tr>
<tr>
<td>A&amp;R Office Supervisor</td>
<td>LA Mission College</td>
<td>4/16</td>
<td>$554.00</td>
<td></td>
</tr>
<tr>
<td>3 Attendance Accounting</td>
<td>ESC</td>
<td>4/16</td>
<td>$3,028.92</td>
<td></td>
</tr>
<tr>
<td>Academic Advising</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Degree Audit Team</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 members</td>
<td>LA City College</td>
<td>16 hours per month</td>
<td>$3,187.00</td>
<td></td>
</tr>
<tr>
<td>5 members</td>
<td>East LA College</td>
<td>16 hours per month</td>
<td>$5,107.00</td>
<td></td>
</tr>
<tr>
<td>8 members</td>
<td>LA Harbor College</td>
<td>16 hours per month</td>
<td>$7,987.00</td>
<td></td>
</tr>
<tr>
<td>6 members</td>
<td>LA Mission College</td>
<td>16 hours per month</td>
<td>$6,067.00</td>
<td></td>
</tr>
<tr>
<td>5 members</td>
<td>LA Pierce College</td>
<td>16 hours per month</td>
<td>$5,107.00</td>
<td></td>
</tr>
<tr>
<td>4 members</td>
<td>LA Southwest College</td>
<td>16 hours per month</td>
<td>$4,107.00</td>
<td></td>
</tr>
<tr>
<td>4 members</td>
<td>LA Trade Tech College</td>
<td>16 hours per month</td>
<td>$4,107.00</td>
<td></td>
</tr>
<tr>
<td>5 members</td>
<td>LA Valley College</td>
<td>16 hours per month</td>
<td>$5,107.00</td>
<td></td>
</tr>
<tr>
<td>7 members</td>
<td>West LA College</td>
<td>16 hours per month</td>
<td>$7,027.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$92,365.66</strong></td>
<td></td>
</tr>
</tbody>
</table>
Phase #3 System Testing

Subject matter experts will assist the consultants to develop test scripts scenarios, participate in proofing test scripts, execute test scripts, validate and log results of tests, test third-party interfaces, and conduct regression testing, if needed.

System Testing Schedule
Admission – April 21, 2014 – July 18, 2014

<table>
<thead>
<tr>
<th>Module</th>
<th>Duration of time, not consecutive days</th>
<th># of Members</th>
<th>Estimated Hours for system testing period</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$2,772.00</td>
</tr>
<tr>
<td>Student Financials</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$3,013.50</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$4,582.00</td>
</tr>
<tr>
<td>Student Records</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$22,367.50</td>
</tr>
</tbody>
</table>
Phase # 4 Training

Training will be conducted on-site at the nine LACCD colleges. The training schedule for each employee depends on the role of the employee and whether or not cross-training is required. Training sessions will repeat twice a day, morning and afternoon, to avoid office closure.

Estimated Training
Front office/counter staff - minimum of 12 hours (3-½ day sessions)
Supervisors/ middle management – minimum 16 hours (4- 1/2 day sessions)
Administrators and employees that require cross-training across several modules—minimum 20 hours (4- 5 hour sessions)
Read only users – 1- ½ day session

<table>
<thead>
<tr>
<th>Module</th>
<th>Proposed Training Period</th>
<th>Peak Registration</th>
<th>Recommended FTE for Sub &amp; Relief</th>
<th>Estimated Cost for back-fill during peak registration (2 months x 2 FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>July 26, 2014 - September 26, 2014</td>
<td>Yes</td>
<td>2 FTE Admission &amp; Records Assistant</td>
<td>$14,632.00</td>
</tr>
<tr>
<td>Student Financials</td>
<td>February 2, 2015 - May 22, 2015</td>
<td>Yes</td>
<td>2 FTE Accounting Assistant</td>
<td>$14,405.80</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>January 5, 2015 - May 22, 2015</td>
<td>Yes</td>
<td>2 FTE Financial Aid Assistant</td>
<td>$14,632.00</td>
</tr>
<tr>
<td>Student Records</td>
<td>January 2, 2015 – May 22, 2015</td>
<td>Yes</td>
<td>2 FTE Administrative Intern</td>
<td>$19,930.40</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>July 21, 2014 – September 26, 2014</td>
<td>Yes</td>
<td>2 FTE Hourly Counselor</td>
<td>$21,666.64</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$85,266.84</td>
</tr>
</tbody>
</table>

Grand Total: $200,000
D. UPDATE OF FINANCIAL PROJECTIONS BY COLLEGES
## Los Angeles Community College District

### Budget and Projected Expenditures by Colleges

**As of March 31, 2014**

<table>
<thead>
<tr>
<th>Location</th>
<th>City</th>
<th>East</th>
<th>Harbor</th>
<th>Mission</th>
<th>Pierce</th>
<th>Southwest</th>
<th>Trade-Tech</th>
<th>Valley</th>
<th>West</th>
<th>ITV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13 Actual Expenditures</td>
<td>1,749,274</td>
<td>13,126,579</td>
<td>345,752</td>
<td>415,785</td>
<td>8,260,842</td>
<td>666,345</td>
<td>1,045,424</td>
<td>1,947,688</td>
<td>2,440,402</td>
<td>380,695</td>
<td>25,094,427</td>
</tr>
<tr>
<td>Add/Less: Year-end Adjustments</td>
<td>(411,099)</td>
<td>683,158</td>
<td>(10,611)</td>
<td>(386,201)</td>
<td>(31,610)</td>
<td>121,884</td>
<td>240,149</td>
<td>305,976</td>
<td>33,579</td>
<td>0</td>
<td>495,005</td>
</tr>
<tr>
<td>2012-13 Adjusted Year-end Balance</td>
<td>1,338,175</td>
<td>13,749,717</td>
<td>346,971</td>
<td>28,549</td>
<td>8,175,032</td>
<td>547,351</td>
<td>1,285,573</td>
<td>1,641,710</td>
<td>2,479,981</td>
<td>386,695</td>
<td>25,589,432</td>
</tr>
</tbody>
</table>

### 2013-14 Projection

#### March Projection

| 2013-14 Current Budget | 57,112,658 | 100,692,062 | 29,735,067 | 26,826,772 | 65,021,222 | 23,387,506 | 50,226,857 | 50,559,905 | 33,158,872 | 1,576,196 | 438,297,137 |
| 2013-14 Additional Revenue (proj.) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Est. Funded Growth Over-Cap (2%) | 1,100,000 | 1,676,000 | 512,000 | 468,000 | 1,108,000 | 396,000 | 924,000 | 988,000 | 540,000 | 40,000 | 7,752,000 |
| Funding for 1.43% Salary Increase | 654,392 | 942,479 | 346,070 | 308,358 | 643,202 | 287,479 | 575,322 | 628,906 | 346,014 | 13,131 | 4,745,898 |
| 2012-13 EPA Funding Adjustment | 98,400 | 149,666 | 45,843 | 41,509 | 98,935 | 34,683 | 82,741 | 88,621 | 48,801 | 3,037 | 691,579 |
| 2012-13 Funded Growth Recalculation | (273,187) | 496,755 | 270,216 | 272,707 | 66,440 | (295,865) | 274,972 | 90,220 | 121,537 | 17,645 | 900,410 |
| Additional Est. Revenue/Others | 0 | 0 | 0 | 0 | 361,000 | 0 | 1,261,502 | 150,000 | 212,918 | 80,000 | 2,086,020 |
| Estimated RDA/Backfill | 0 | 0 | 0 | 301,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| P1 and P2 Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2013-14 Projected Ending Balance | (1,884,324) | 13,969,312 | (1,014,172) | 195,682 | 6,795,345 | (415,799) | 145,833 | (2,084,328) | 1,019,015 | 92,424 | 16,823,868 |
| Percentage of 2013-14 proj exp over 2012-13 exp | 110.28% | 107.75% | 109.30% | 105.31% | 103.90% | 103.86% | 106.11% | 104.21% | 111.46% | 134.27% | 107.82% |
| Percentage of Projected Balance over 2013-14 Final Budget Alloc. | -3.35% | 14.22% | -3.60% | 0.75% | 10.54% | -1.88% | 0.29% | -4.21% | 3.12% | 5.69% |

### First Period FTES Projection*

<table>
<thead>
<tr>
<th>City</th>
<th>East</th>
<th>Harbor</th>
<th>Mission</th>
<th>Pierce</th>
<th>Southwest</th>
<th>Trade-Tech</th>
<th>Valley</th>
<th>West</th>
<th>ITV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer 2013</td>
<td>99</td>
<td>2,074</td>
<td>305</td>
<td>97</td>
<td>311</td>
<td>8</td>
<td>368</td>
<td>211</td>
<td>108</td>
<td>113</td>
</tr>
<tr>
<td>Fall 2013</td>
<td>6,445</td>
<td>9,804</td>
<td>3,433</td>
<td>2,888</td>
<td>6,681</td>
<td>2,582</td>
<td>5,641</td>
<td>5,957</td>
<td>3,326</td>
<td>179</td>
</tr>
<tr>
<td>Winter 2014</td>
<td>737</td>
<td>1,120</td>
<td>0</td>
<td>185</td>
<td>430</td>
<td>214</td>
<td>335</td>
<td>475</td>
<td>300</td>
<td>0</td>
</tr>
<tr>
<td>Spring 2014</td>
<td>6,364</td>
<td>9,523</td>
<td>3,241</td>
<td>2,935</td>
<td>7,025</td>
<td>2,341</td>
<td>5,702</td>
<td>5,944</td>
<td>3,222</td>
<td>179</td>
</tr>
<tr>
<td>Summer 2014</td>
<td>534</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>534</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>14,179</td>
<td>21,523</td>
<td>6,979</td>
<td>6,105</td>
<td>14,447</td>
<td>5,145</td>
<td>12,066</td>
<td>12,587</td>
<td>6,956</td>
<td>471</td>
</tr>
</tbody>
</table>

*As submitted to State Chancellor's Office - 01/15/2014*
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Full-Time</th>
<th>Part-Time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$30,469</td>
<td>$14,489</td>
<td>$44,958</td>
</tr>
<tr>
<td>2010-11</td>
<td>$32,699</td>
<td>$16,569</td>
<td>$49,268</td>
</tr>
<tr>
<td>2011-12</td>
<td>$35,969</td>
<td>$18,699</td>
<td>$54,668</td>
</tr>
<tr>
<td>2012-13</td>
<td>$39,269</td>
<td>$21,069</td>
<td>$60,338</td>
</tr>
</tbody>
</table>

**College Financial Accountability Measures Report/Dashboard**

Revised March 31, 2014
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>678.56</td>
<td>0.47</td>
<td>1.24</td>
<td>0.56</td>
<td>1.88</td>
<td>4.90</td>
<td>7.89</td>
<td>13.87</td>
<td>19.95</td>
<td>26.07</td>
<td>32.19</td>
<td>38.32</td>
<td>44.46</td>
<td>50.60</td>
<td>56.74</td>
<td>62.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>97.86</td>
<td>0.38</td>
<td>1.19</td>
<td>0.46</td>
<td>1.13</td>
<td>3.27</td>
<td>5.41</td>
<td>9.65</td>
<td>15.99</td>
<td>22.34</td>
<td>28.70</td>
<td>35.06</td>
<td>41.42</td>
<td>47.78</td>
<td>54.14</td>
<td>60.50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>308.12</td>
<td>0.54</td>
<td>1.62</td>
<td>0.56</td>
<td>1.12</td>
<td>3.24</td>
<td>5.40</td>
<td>9.56</td>
<td>15.72</td>
<td>21.88</td>
<td>28.06</td>
<td>34.24</td>
<td>40.44</td>
<td>46.64</td>
<td>52.84</td>
<td>59.04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>492.34</td>
<td>0.78</td>
<td>2.29</td>
<td>0.78</td>
<td>1.56</td>
<td>4.72</td>
<td>7.96</td>
<td>13.12</td>
<td>19.28</td>
<td>25.44</td>
<td>31.60</td>
<td>37.77</td>
<td>44.04</td>
<td>50.32</td>
<td>56.60</td>
<td>62.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>308.12</td>
<td>0.54</td>
<td>1.62</td>
<td>0.56</td>
<td>1.12</td>
<td>3.24</td>
<td>5.40</td>
<td>9.56</td>
<td>15.72</td>
<td>21.88</td>
<td>28.06</td>
<td>34.24</td>
<td>40.44</td>
<td>46.64</td>
<td>52.84</td>
<td>59.04</td>
<td>65.24</td>
<td>71.44</td>
<td>77.64</td>
<td>83.94</td>
<td>90.14</td>
<td></td>
</tr>
</tbody>
</table>

Revised March 31, 2014
College Financial Accountability Measures Report/Dashboard
At the March 19, 2014, meeting of the DBC, the 2nd Quarter Financial Report indicated that LACC was projecting a FY14 deficit of approximately $1,714,357. This projection however, did not reflect any revenue adjustments or any additional unforeseen expenditure increases. As a result of your recommendation to increase funding for the growth over cap target from the reflected rate of $2,324 per full-time equivalent student (FTES) to $4,000, this resulted in a positive revenue adjustment of $479,056 to LACC. However, the college has experienced unforeseen increases in its utility rates and usage, which has resulted in costs that are projected to exceed our budgeted resources by approximately $491,000. With these adjustments, we are projecting a deficit of $1,884,324, which is 3.2% of our FY14 General Fund revenue.

While some of the deficit is the result of utility costs, the majority of this deficit is the result of increased salary costs related to personnel. In an effort to maintain our FTES base and increase enrollment, LACC increased its section offerings to ensure that we would meet these targets. This unfortunately resulted in expenditures which were above what was budgeted for this fiscal year. As a result of this, we are implementing the following actions to ensure that this does not occur again:

- We will offer courses that meet or exceed the classroom minimum of 34 students per section.
- We will eliminate and/or consolidate low enrolled sections.
- We will review our space utilization of college facilities to ensure that we are maximizing efficiency, and reduce costs, by accommodating large class sections when appropriate.
- We will implement additional budget controls to ensure that units do not exceed the maximum amount of funding allocated.

We also are working on implementing additional revenue and expenditure reduction measures.

- We are increasing our leasing of college facilities during non-peak instructional periods.
- We are looking to increase vendor revenue from food and other related type sales.
- We are reviewing college wide copier needs in order to reduce costs in this area.
- We are reviewing college operational costs for utilities and supplies to see where we can contain costs or generate savings in these areas.
- We will review, eliminate and/or reduce general fund backfill to specially funded programs.

We also will continue our review of existing personnel needs to ensure that we have the appropriate levels and type of staffing necessary to perform needed tasks and duties. This could result in some cost efficiencies or reallocation of costs within the college.
With the above actions, we are confident that we can control and address the causes of this current year issue within the next three fiscal years. We also note that our efforts should result in some level of savings during this period. Given this, the college will plan to repay this deficit, as well as our prior deficit, over the course of the next six fiscal years with our annual repayment amount taken from year end savings generated by the college or from its annual budget allocation.

We also request that if we balance our budget for three consecutive years, meet our base enrollment target, make annual payments pursuant to our stated plan, and pay off at least 50% of the stated deficit, that we be allowed to have the remaining debt waived.

Finally, in order to assist with summer enrollment, the DBC recommended additional funding in FY14 to assist the college with marketing efforts to generate interest in LACC and its programs. The college is planning to use those funds to assist with advertising in local newspapers, on Metro buses, and on the Internet; which includes sending Facebook announcements to current students. We are also planning to send outreach staff out to local high schools. It is our hope that these efforts will generate sufficient interest in our programs and our services which will allow us to sustain our current level of FTES as well as allow us to expand access and grow in various program areas.

Again, we are confident that we can resolve these issues with prudent management and oversight of our budget allocation in the future. Please let me know if you have any questions regarding this.
1. **2013-14 Financial Projection**

   *East LA College projects an ending balance of $13.9 million*

2. **Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.**

   ELAC – Increase Summer Session I by 4% and offer Summer Session II with approximately 150 sections, which will include non-credit classes (similar to our Summer Escalante Program).

3. **If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit**

   ELAC – will NOT have a deficit.

4. **Status on your college's marketing, outreach, and recruitment campaign for FY 2013-14 and FY2014-15.**

   ELAC – ADVERTISING CAMPAIGN – Planning for a very active/strong Advertising/Recruitment Plan, approximately $250,000.
   Planning for an active International Recruitment Program, approximately $150,000.
LOS ANGELES HARBOR COLLEGE
2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. 2013-14 Financial Projection

Harbor College projects a deficit ending balance of $1.014 million

2. Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.

Harbor College will exceed the 3.63% growth target by the end of the Spring 2014 semester. Harbor College will offer summer coursework beginning July 1, 2014. The FTES from the July 1st start classes will be pushed forward into the 2014-2015 academic year. We will use the 2% over cap/$4,000 per FTES to pay for the additional class sections already offered to cover the cost of the 2% growth and we will be using these funds to cover deficits.

3. If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit

Harbor College is currently showing an approximate $1 million deficit. We believe we are moving in the right direction. Harbor College started the 2013-2014 fiscal year with an allocation that fell $1.8 million short of the previous year’s actual expenditures. We are currently working on expense transfers from grants and calculating how much community services revenue we can use to cover deficits. I believe we may be able to significantly reduce the current $1 million deficit. We are also being more strategic with our 2014-2015 schedule of classes. Also, I acknowledge there are ways in which the LACCD’s Colleges can be more efficient — but 8 of the 9 colleges are currently deficit spending in relationship to their allocation and their projected expenses. The attached spreadsheet only shows the colleges’ budgets with the carryover included. If we look at the colleges collective allocation without their ending balances from the previous year that would be approximately $410 million and the colleges’ projected expenditures totals approximately $438 million. It appears the colleges are collectively spending $28 million more than their allocations. That is certainly not sustainable as a District.


Harbor College will be using the marketing and outreach funds to support Harbor Advantage activities. These activities included transportation to bring busloads of high school students to campus for orientation, assessment and education planning, math and English summer boot camps.
LOS ANGELES MISSION COLLEGE

2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. 2013-14 Financial Projection

Mission College projects and ending balance of $199,682, assuming with a $468,000 for 2% above the state funded cap at $4,000 per FTES.

2. Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.

The college will incur approx. $85,000 summer instructional cost related for summer even though we project to already surpass the FTES we need.

3. If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit.

The College estimates a noticeable increase in telephone and utilities expenditures, $105,000.


Transfer of $58,000 regular counselor compensation to SSSP program to later at year end absorb approx. $60,000 cost overrun of D.S.P.S. program.
LOS ANGELES PIERCE COLLEGE
2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. **2013-14 Financial Projection**

Pierce College projects an ending balance of $6.9 million.

2. **Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.**

We have scheduled a 111% increase in sections and we are projecting a 111% increase in FTES. We are projecting the portion of summer taking place in June will cost $637,394. The remaining expenses that are part of FY 2015 are projected to be $1,949,889.

Additional funds from the $4000 per FTES will be used to cover the cost of the summer session taking place in FY 2014. (Handout is attached)

3. **If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit.**

Pierce College does not have a deficit. Any expenditure above income is covered by the College’s ending balance.

4. **Status on your college’s marketing, outreach, and recruitment campaign for FY 2013-14 and FY2014-15.**

We will be marketing the College in two primary ways: Bus Advertising, including area Bus Shelters, Bus Tails and Bus Interiors; and, commercial spots on local cable channels. We have planned to increase our marketing budget by 19% with the possibility of considering additional funding as the year progresses. The budget for High School Outreach and Recruitment has been increased by 45%
**PIERCE COLLEGE SUMMER PROGRAM**

---

**INSTRUCTIONAL COSTS**

- **Instructional Costs balance**
- **Instructional Costs first 2 weeks**

---

### Summer TERM

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructional Costs first 2 weeks</td>
<td>$284,066</td>
<td>$637,394</td>
</tr>
<tr>
<td>Instructional Costs balance</td>
<td>$845,817</td>
<td>$1,949,889</td>
</tr>
<tr>
<td><strong>Total Costs for Summer Term</strong></td>
<td>$1,129,884</td>
<td>$2,587,284</td>
</tr>
<tr>
<td>FTES Count</td>
<td>839</td>
<td>1,767*</td>
</tr>
<tr>
<td>Section Count</td>
<td>196</td>
<td>413</td>
</tr>
</tbody>
</table>

**Notes:**

- * 307 FTES will be pulled to meet Base+ 3.63% for FY 2013/14
- 1460 FTES will be pushed to FY 2014/15
PIERCE COLLEGE

MARKETING AND OUTREACH

<table>
<thead>
<tr>
<th>EXPENSE</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Expenses</td>
<td>$71,347</td>
<td>$85,000</td>
</tr>
<tr>
<td>Outreach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty Coordinator (ISA)</td>
<td>$21,940</td>
<td>$21,940</td>
</tr>
<tr>
<td>Outreach Coordinator</td>
<td>$88,395</td>
<td>$95,482</td>
</tr>
<tr>
<td>A&amp;R Assistant</td>
<td>$60,866</td>
<td>$61,631</td>
</tr>
<tr>
<td>CGCA</td>
<td></td>
<td>$84,000</td>
</tr>
<tr>
<td>HS Liaisons</td>
<td>$6,900</td>
<td>$6,900</td>
</tr>
<tr>
<td>Supplies/brochures</td>
<td>$524</td>
<td>$8,100</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$178,625</td>
<td>$278,053</td>
</tr>
</tbody>
</table>

Bus Advertising (Bus Stops/Bus Ends/Interiors)
Time Warner Cable Ad
1. **2013-14 Financial Projection**

   The second quarter projection is accurate. At second quarter, LASC projected a $528,623 deficit. Our current projected deficit, as of the end of March, is $405,943. With the District's revenue adjustments, the college is projected to end the year with a deficit of $414,799.

2. **Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.**

   LASC will offer a small summer session beginning July 1, 2014. We plan to utilize the 2% growth over cap funding that we earned at the end of the spring semester to offset our current year's projected deficit.

3. **If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit.**

   While LASC's current projection reflects a negative year-end balance, it is expected that the ending balance will be at zero or within the 2% budget tolerance as established by the Fiscal Accountability Measures. However, this projection is subject to any unexpected year-end charges/adjustments such as recalculations from the state, declines in anticipated dedicated revenue, special bookstore charges, etc.

4. **Status on your college’s marketing, outreach, and recruitment campaign for FY 2013-14 and FY2014-15.**

   For FY 2013-14, the College spent $69,695 on marketing, outreach and recruitment. This amount was spent on local newspaper ads, radio spots, Metro bus ads, our “Get More From Southwest” Time Warner Cable spot, marketing postcards, cinema ads, campus posters, emails, and text blasts. Our outreach and recruitment events included High School Senior Day, Beat the Rush, Black College Expo, Church Outreach, Univision Event, A Taste of Soul Event, and a High School Principal/ Counselor Breakfast.

   For FY 2014-2015, the College is planning to spend $75,222 on newspaper ads, radio spots, Metro bus ads, marketing post cards, and we plan to continue to run our “Get More From Southwest” Time Warner Cable spot. Additionally, we will continue to do all of the outreach and recruitment events listed above.
MEMORANDUM

To: Board of Trustees
Acting Chancellor Barrera

From: Laurence Frank, President

SECOND QUARTER PROJECTION

At the end of the second quarter (12/31/13), LATTC projected to end the year with a reserve of almost $150,000.

STATUS OF SUMMER OFFERINGS

LATTC utilized the additional growth dollars funded at $4,000 to add late start classes for Spring 2014 and to schedule a summer session of 2014 that is almost double the number of course offerings as the summer of 2013. There will be two 5-week sessions offered with a bridge 8-week session offered this summer 2014.

<table>
<thead>
<tr>
<th>Credit</th>
<th>Summer 2013</th>
<th>Summer 2014</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Paid Section#</td>
<td>Hours</td>
<td>FTEF</td>
</tr>
<tr>
<td></td>
<td>79</td>
<td>279</td>
<td>46.5</td>
</tr>
</tbody>
</table>

YEAR-END BALANCE FOR 2013-14

LATTC will end the 2013-14 with a reserve projected at this time of at least $150,000. There has only been one year out of the last decade that Trade had a deficit in 2007-08. Since then Trade has balanced its budget with a reserve each year. The college has implemented reductions as required with a goal of preserving as much instruction as possible. The college Planning & Budget Committee and College Council ensure that the college operates within its budget each year.

MARKETING, OUTREACH, AND RECRUITMENT CAMPAIGN FOR 2013-14 AND 2014-15

LATTC currently spends the majority of its marketing funds on developing video content for the large screens on the corner of Washington and Flower and radio advertising, as well as a little advertising as Sparks games. In the coming year, we plan to invest additional resources in advertising on the metro lines, and on Google. We are also considering advertising in Union Station and movie theatre screens. This will require an additional investment of 50%. Or approximately $50,000.
LOS ANGELES VALLEY COLLEGE
2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. 2013-14 Financial Projection

Valley College projects a deficit ending balance of $2.08 million. The projection for the third quarter reflects the deficit reduction from $3.4 million to $2.08 million.

2. Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.

The College projects that offering a Summer session will create an opportunity for the College to capture approximately 247 FTES which will be funded by the District at the new rate of $4,000 per FTES. This would be additional revenue that was not previously represented in the budget. We project this will generate approximately $988,000 in summer and have a total net effect on the College’s budget in the 2013-2014 year of $489,684. This funding will be used to cover the costs related to Summer and help reduce the College’s deficit in the current fiscal year. (NOTE: Summer will be approximately the same size as last year. Assuming the same efficiency it should generate approximately 709 FTES of which approximately 450 FTES will need to be accounted for in 2013-2014 and the remaining 259 in 2014-2015)

3. If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit

The College submitted a five year plan to ECDBC to which resulted in a balanced budget in year number 3. That plan relied on a combination of attrition, increased efficiency, growth funding and reductions in expenditures to achieve the balanced budget. The plan projected that the College would end the 2013-2014 fiscal year with a deficit of approximately $3.4 million. As of the 3rd quarter projections which took into account the District funded FTES Growth and full effect of cost saving measure already put into place LAVC reports that the current year projected ending deficit will be approximately $2.08 million. This means that we are currently on track to meet our goals in the Five Year Plan and still believe with further reductions we will be able to balance our budget by the close of 2016-2017.

Summer 2014:

1. Social Media
   a. Weekly messages on Facebook & Twitter (free)
   b. Announcement on LinkedIn (free)

2. Online Message Boards
   a. Announcement on Sherman Oaks Patch (free)
   b. Announcement on Studio City Patch (free)
   c. Announcement North Hollywood Patch (free)

3. CSUN Advertising
   a. 1 week of Quarter-page ads in Daily Sundial (approximately $1500)

4. UCLA Advertising
   a. 1 week of Quarter-page ads in the Daily Bruin (approximately $2000)

5. High School Advertising
   a. Celebrity High Ad—magazine distributed to local high schools
      (approximately $3000)

Total advertising cost for summer 2014 would be approximately $6,500. Plans for fall 2014 and winter and spring 2015 and still underway.
Report to the LACCD Board of Trustees
Budget and Finance Committee
April 23, 2014

FY 2013-14 Financial Projection

As of the third quarter, assuming a District-funded allocation of $4,000 per growth FTEs up to 2% above the state-funded cap, West LA College projects an ending balance of about $1.02 million at June 30, 2014.

Use of Growth Revenues

Full funding of growth—approximately $235,000 above original “at cost” funding—would supplement the previously budgeted funds to help pay for the following access and success commitments that the college budgeted from its budget reserve/ending balance:

- 93 Summer sections, yielding 400 FTEs, beginning in June 2014
- Additional advertising ($21,000) to counter bus ads by a competing college outside the district
- Hiring of a 0.2 academic position, at an annual cost of about $10,000, to coordinate professional development, in anticipation of an accreditation focus on this area
- A Summer Bridge Program to transition incoming students to college study in Fall 2014
- Development of grant and foundation capacity to attract funds that would serve to reduce the college’s reliance on state revenues
- Augmentation of the college’s reserves to boost West’s ending balance for 2013-14 to $1 million or more

Deficit Reduction

While West expects to finish the 2013-14 fiscal year with a positive balance, the additional growth revenue would enable the college to scale back the depletion of its budget reserve and, perhaps, and the year with a positive balance in the $1 million range.

Marketing Activities

To support the college’s growth goals for this year and next year, West in 2013-14 expects to more than double its investment of last year in marketing, advertising and student outreach, from $62,500 to about $131,000. A similar budget is contemplated for 2014-15. We feel this investment will pay off in sustained higher enrollment during the coming years that growth is funded by the state, resulting in increased base workload for the college.
Inter-Office Correspondence
Los Angeles Community Colleges

March 19, 2014

To: Adriana Barrera, Ph.D.
Interim Chancellor
Jeanette Gordon
Chief Financial Officer/Treasurer

From: Kathleen F. Burke
John McDowell
Co-chairs DBC

SUBJECT: DBC Recommendation on the Distribution of $9.3 million,
Remainder of the $17.4 million from the 2012-13 State General
Revenue Recalculation

On March 19, 2014, by a unanimous vote, the DBC passed a motion to increase the
funding for the 2 percent growth over-cap target (2% above the 1.63% state funded
enrollment) by increasing the rate of $2,324 per FTES to $4,000 per FTES. This will
fund approximately 2,000 FTES or $8 million to be distributed to all colleges—and all
colleges are planning to meet the district-wide target of 3.63%.

It was also recommended that the remaining $1.3 million be used to fund other budget
needs as discussed in the DBC meeting as follows:

1. $300,000 - District Marketing, Outreach and Recruitment Campaign
2. $300,000 - Accreditation Planning Activities
3. $360,000 - CURRICUNET Application
4. $200,000 - Staffing Release Time for SIS Conversion Project

The committee discussed other possible budget items for funding such as augmentation
of summer offerings, 2014-15 enrollment growth target, FON, and college deficits but
DBC determined that, in addition to being the best and fairest way to distribute these
funds, basing the distribution on earned FTES would also address these other needs.

These recommendations are forwarded to you both for consideration.

Approved
Adriana Barrera
2/20/14
Membership

Academic Senate
David Beaulieu
Dana Cohen
Jeff Hernandez
Lauren McKenzie
Joseph Perret
Allison Moore

Faculty Guild
Joanne Waddell
John McDowell**
Armida Ornelas
Olga Shewfelt
Sandra Lee
Rudy Ordonez

Unions/Association
Allison Jones/Selina Chi
Lubov Kuzmik
Leila Menzies
Velma Butler
Richard Rosich
Galen Bullock
James Bradley

College Presidents
Renee Martinez
Marvin Martinez
Farley Herzek*
Monte Perez
Kathleen F. Burke**
Yasmin Delahoussaye*
Larry Frank
Alma Johnson-Hawkins*
Nabil Abu-Ghazaleh

STUDENT TRUSTEE
LaMont Jackson
*Interim
**Co-chairs

District Budget Committee
April 16, 2014
1:30 pm – 3:30 pm
District Office, Board Room

1. Call to Order (Co-Chair Mr. John McDowell)

2. Approval of Agenda

3. Approval of Minutes for March 19, 2014

4. Update on College Balance Projections (Gordon)

5. Update on College Marketing, Recruitment, and Outreach Survey (Dr. Barrera)

6. Summer Session and Enrollment Planning Targets for FY 2014-15 (Discussion/Iyemura)

7. Committee Reports & Recommendations
   • Board Budget and Finance Committee
   • ECDBC Reports and Recommendations

8. Notice of DBC Co-Chair Election (Administration)

9. DBC Recommendations to the Chancellor

10. Items to Be Addressed by ECDBC (Discussion)

Future Meetings:

May 21, and June 18

Please bring your own copy.
Executive Consultant by Committee (Exec Board PDOC):
PDO & resources drive initiatives. Liaison and additional DAC resources advise and support PDO & resources. Exec Board divides EC duties to drive initiatives to successful conclusion and report to LACCD leadership. Ask Danny Villanueva, Chris Bonvenuto, Rolf Schleicher and Ken Takeda to help?

Union Issues & Cost Management (Galen SEIU/Identify Unit 1 rep)

Accounting and Financial Reporting & Oversight (KK)

Meeting/Communication Coordinator (Zoila)

C-Store Initiative Lead (L; J)

Managed Verba (L/C, NZ/KL)

Seaside Support/Resource - Olga

West   Harbor   Southwest

Textbook Purchasing & Rental Lead (L/C)

Technology, Web Store & Social Media Lead (C; O)

Cityside Support/Resource - Joyce

City   Trade Tech   East

GM Lead (L; O)

Strategic Partnerships: Freight Program, Services, Buying Groups... (Exec Board)

Valley Support/Resource - Zoila

Financial Reporting Lead (K/K)

Development & Training Lead (L/C/KK; Z)

Cityside Stores Coordinator - Joyce

Cityside Stores Coordinator - Joyce

Valley Stores Coordinator - Zoila

City   Trade Tech   East

Mission   Pierce   Valley

LACCD District Leadership

Regional Oversight Accounting and Financial Reporting (District Person)

Develop District Oversight: Union Issues & Cost Management (Galen)

Planning, Development & Oversight (Larry)

Planning, Development & Oversight (Chisti)

Planning, Development & Oversight (Rolf)

District C-Store Initiative Lead

District Textbook Purchasing & Rental Lead

District Technology, Web Store & Social Media Lead

District General Merchandise Lead

District Financial Reporting Lead

District Personnel Development & Training Lead

Seaside Stores Coordinator - (?)

City

Trade Tech

East

Mission

Pierce

Valley

West

Harbor

Southwest

LACCD District Leadership

Managed Verba (L/C, NZ/KL)
E. LIST OF FORMAL PROCUREMENT ACTIVITIES
April 14, 2014

Memorandum

RE: Upcoming LACCD formal procurement activities

The following is a schedule of the major procurement activities being conducted by the LACCD Contracts and Purchasing Office:

<table>
<thead>
<tr>
<th>Stage:</th>
<th>Anticipated Board Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score in/pre-award:</td>
<td></td>
</tr>
<tr>
<td>• Bond Program Monitor</td>
<td>May 15th, 2014</td>
</tr>
<tr>
<td>• Bond Performance Audit</td>
<td>May 15th, 2014</td>
</tr>
<tr>
<td>Proposals in/awaiting scores:</td>
<td></td>
</tr>
<tr>
<td>• Automated Application System for HR</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>• Employee Assistance Program Administrator</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>Finalizing for issuance:</td>
<td></td>
</tr>
<tr>
<td>• IFB for Monopole at LAMC</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>• Online Student Parking Permit Website</td>
<td>August 6th, 2014</td>
</tr>
<tr>
<td>• IFB for Bulk Pool Chemicals</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>In final stages pre-issuance:</td>
<td></td>
</tr>
<tr>
<td>• Collection Agencies for Financial Aid</td>
<td>August 6th, 2014</td>
</tr>
<tr>
<td>• Federal Lobbyist RFQ</td>
<td>July 9th, 2014</td>
</tr>
<tr>
<td>• Workforce Intermediary Services at LASC</td>
<td>August 6th, 2014</td>
</tr>
<tr>
<td>Awaiting information from Department for issuance ASAP:</td>
<td>From Issuance</td>
</tr>
<tr>
<td>• LA H3C Program Consultant</td>
<td>100 days</td>
</tr>
<tr>
<td>• Workers’ Compensation Legal Panel</td>
<td>100 days</td>
</tr>
<tr>
<td>• Bond Financial Audit</td>
<td>100 days</td>
</tr>
<tr>
<td>• Applicant Tracking and Measurement System for Personnel Commission</td>
<td>100 days</td>
</tr>
<tr>
<td>• Enterprise Content Management System</td>
<td>100 days</td>
</tr>
<tr>
<td>• Legal Services Panel (Class 2)</td>
<td>100 days</td>
</tr>
<tr>
<td>Scheduled for the month of:</td>
<td></td>
</tr>
<tr>
<td>• May:</td>
<td></td>
</tr>
<tr>
<td>• Financial Aid Disbursement and ATM system</td>
<td>100 days</td>
</tr>
</tbody>
</table>
- Elevator Modifications for ESC

- June:
  - HRA/FSA Administrator

- July:
  - District-wide Elevator Maintenance

- August:
  - Central Plant Maintenance at Pierce College

- September
  - Risk Management Services Broker

- 4th Quarter 2014 (October – December 2014)
  - District wide food services
  - District wide Cellular phone contract
  - Farm at Pierce college
  - District-wide Bus/shuttle service

- 1st Quarter 2015 (January – March 2015)
  - District wide Copier purchase and maintenance contract
  - Student Online Orientation Service
  - Microfilm devices
I. ROLL CALL

II. PUBLIC SPEAKERS*

III. REPORTS/RECOMMENDATIONS/ACTION

A. Internal Audit Quarterly Update
   Disposition:

B. Districtwide/College Marketing, Outreach, and Recruitment Survey
   Disposition:

C. Use of Funds from Distribution of 2012-13 General Revenue Recal
   Disposition:

D. Update of Financial Projections by College
   Disposition:

E. List of Formal Procurement Activities
   Disposition:

IV. FUTURE DISCUSSION/AGENDA ITEMS

   - Update on Cost Savings from Master Agreements (Chancellor’s Directive #142)
   - Schedule for Districtwide Bids on Major Items
   - Retirement Incentives

V. FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

   - May 14, 2014
VI. NEW BUSINESS

VII. SUMMARY – NEXT MEETING ................................................................................................... Scott J. Svonkin

VIII. ADJOURNMENT

*Members of the public are allotted five 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 Board meeting.
A. INTERNAL AUDIT QUARTERLY UPDATE
BUDGET AND FINANCE COMMITTEE
2013-14 Second QUARTER REPORT
APRIL 23, 2014

A. Audit Report
   I. “Foundation Audit” All nine Colleges and Educational Service center

B. Special Request:
   I. Mission College “Foundation Checks”

C. Whistleblower Hotline:
   I. Four completed Reports.
MEMORANDUM

TO:  Dr. Monte Perez

FROM: Arnold Blanshard, CPA/CRMA/MBA, Director Internal Audit Department

DATE: Wednesday, July 31, 2013

SUBJECT: Possible Misappropriation of Los Angeles Mission College Foundation Funds.

BACKGROUND:

On January 16, 2013 the Internal Audit Department (IAD) received an allegation indicating that the former chairman of the Los Angeles Mission College (LAMC) Foundation (The Foundation) Board had written two checks payable to cash and that these checks were cashed and the money was used for non-related Foundation activities. The two checks amounted to $7,500.00 consisting of checks #2595 and 2596 in the amount of $2,500.00 and $5,000.00 respectively. Additionally, on July 2, 2013, the Foundation informed IAD that a check for the amount of $2,456.27 that was made payable to cash was cashed and the money was used for nonrelated foundation activities. It was furthermore stated that the signature on the check was a forged signature.

IAD interviewed the following key individuals during the investigation process:

- LAMC Employee A
- LAMC Employee B
- LAMC Employee C
- Person A
- Person B
- Person C
- Person D
- Person E
- Person F
- Person G

IAD utilized the following documents:

- Checks
- Foundation General Ledger
- Invoices
- Minutes of the Board
- Bank Statements

IAD did not interview Person H
FINDINGS OF THE FACTS:

Section A: BASIC BACKGROUND:
The Foundation is a 501 (C) (3) non-profit organization that promotes and assists the educational programs of LAMC. The Foundation is governed by a seven member Board of Directors that drives to provide funds to support college educational programs. The Foundation is considered an auxiliary organization of the Los Angeles Community College District (LACCD) and must comply with the LACCD Administrative Regulations associated with auxiliary organizations. The mission and goals of the Foundation are:

1. "To raise funds and provide stewardship for funds already raised, through annual scholarship drives, special events, grant applications and business partnerships.

2. To provide a local financial support system to needy and deserving students entering and continuing their education at Mission College”, and

3. To improve the quality of life in the community by providing support for individuals from diverse backgrounds to pursue quality accessible educational programs and services.

The Foundation is involved with establishing public relations with individuals and businesses within the community of the college which will then facilitate these businesses to make financial donations and grants to the Foundation. The Foundation host fund raising events to raise funds for the purposes of supporting the college and awarding scholarships.

Section B: FINDING OF THE FACTS:

FOUNDATION GENERAL APPROVAL FOR PAYMENT PROCESS:

- Events expenses are usually preapproved with spending limits during a regular board meeting and this information is noted in the minutes of the Foundation.

- Purchases that are non-related to an event expense are present to the Foundation Board for payment after product is ordered or services are rendered.

- A check request form is completed and is signed by either the Chairman of the Board or the Treasurer as these two individuals are authorized to approve check request forms.

- The invoice is presented to the Foundation Board members at the monthly Foundation meeting for approval of payment. The approval of the invoice is noted in the minutes of the Foundation.

- Person E is provided with the approved check request form to generate a written check for all the invoices that were approved at the Board meeting and documented in the minutes of the Foundation.

- The check stubs are kept at Person E desk in a lock drawer and the key to the drawer is kept on the desk in an unsecured area.

- Person E prepares the written check and provide to Person A or Person B for signature.

- The signed checks are mailed to or picked up by the payee.
QUESTIONABLE CHECKS:

Check #2595 dated 08/25/2012 in the amount of $2,500.00

- Check #2595 dated 08/25/2012 in the amount of $2,500.00 was paid to the order of “cash” and signed by Person E. The check referenced “olive festival misc. exp.” in the memo area.
- The check was cashed and no further questions were asked as to the validity of the expense until check # 2596 surfaced that was also made payable to cash.
- IAD requested from Person A backup documentation to substantiate the check amount. Person A provided IAD with the following information:
  - An invoice dated 09/14/2012 for the amount of $2,680.00 indicating that the money was used to pay for this invoice.
- Person A further indicated that:
  - Person A wrote, signed and endorsed the check written to “cash”,
  - The money was used to pay for expenses associated with the Olive Festival.
- IAD noted that:
  - The invoice provided to support the payment of $2,500.00 was greater than the check amount. The invoice amount totaled 2,680.00. This resulted in a $180.00 variance.
  - The description of items billed on the invoice was not aligned with the services that the vendor provides, and
  - The invoice date was 09/14/2012 which was 20 days after the date the check was written.

Check #2596 dated 11/12/2012 in the amount of $5,000.00

- Check #2596 dated 11/25/2012 in the amount of $5,000.00 was paid to the order of “cash” and signed by Person E. The check referenced “Stern Scholarship” in the memo area.
- Person D was performing the bank reconciliation for the month of November 2011. Person D identified check #2596 and informed the Foundation of this check and check # 2595 discussed in the above paragraph.
- IAD requested from Person A backup documentation to substantiate the check amount. Person A provided IAD with the following information:
  - An invoice dated 12/30/2012 for the amount of $8,000.00 indicating that the money for used to pay for this invoice.

Person A further indicated that:
  - The Person A wrote, signed and endorsed the check written to “cash”,
  - The money was used to pay for expenses associated with the Coral Famers Market event.
• IAD noted that:
  o The invoice provided to support the payment of $5,000.00 was greater than the check amount. The invoice amount totaled $8,015.00. This resulted in a $3,015.00 variance.
  o The event “2013 San Fernando Valley Coral Farmers Market” for which this check was attributed as payment was an event that the Foundation was relieved from incurring any expenses. The event was geared as a profit sharing event with expenses paid by the promoters.

**Check # 2594 dated 06/11/2012 in the amount of $2,456.24**

• On July 2, 2013, IAD was provided with check number 2594 dated 06/11/12 made payable to “cash” in the amount of $2,456.27. This check was signed by Person B. Person B indicated that the signature depicted on the check was not signed by Person B.

• Person A indicated that:
  o Person A may have written the information on the check but did not fully recall writing the check.
  o The signature on the check was that of Person B and does not think the signature was forged as Person A and Person B are friends for more than 30 years.
  o The endorsement on the back of the check was not Person A handwriting.
  o The cash was used to support one of the events for the Foundation but was unable to recall exactly which event, and
  o Any receipts to substantiate the amount were with the Foundation Office.

• Person A late recalled that the endorsement on the back of the check was indeed Person handwriting. This was after IAD provided another check that was made payable to and endorsed by Person A.

• IAD noted that:
  o Person A sent an e-mail to IAD that was inclusive of a check written to Person A. IAD compared the signature endorsement and the bank account number to that of the check #2594 and confirmed that the information was the same on both checks.
  o Person B confirmed that the signature on another check (#2591) written for the same amount $2,456.24 as check #2594, was in fact Person B signature, but the signature on the questionable check #2594 was not Person B signature.

**ADDITIONAL OBSERVATION:**

• IAD was informed that the Foundation checks are usually stored in a locked desk; however the key is kept at the desk.

• Anyone that knew where the key was stored at the desk can easily get the key and open the drawer where the checks were stored.

• Person A informed IAD that Person A is willing to pay the Foundation for any check that is not supported by the necessary required documents. Person A specifically identified the three checks paid to cash as checks that Person A will reimburse the Foundation for the fully amount.
• Person A indicated that Person A will take full responsibility of these funds as Person A was charged with the responsible to safeguard the asset (cash) of the Foundation funds.

• The payment process for the identified checks did not go through the Foundation normal approval for payment process.

• IAD noted that the three checks in questions were in numerical sequence (2594, 2595, and 2596); however the dates on the checks were in different time frame (July, August, and November).

• IAD further noted that during the time frame of July through November the Foundation wrote several checks. For example in July 2012 the Foundation wrote 16 scholarship checks with sequential check numbers 2597 through 2612.

AUDITORS OPINION:

Allegation I: The former chairman of the Foundation board had written two checks payable to cash and that these checks were cashed and the money was used for non-related Foundation activities.

IAD has concluded that Person A did not have the supporting documentation to warrant any justification of the three checks paid to cash. IAD based this conclusion on the following:

• Person A was unable to provide sufficient documentation to support the total of $9,956.244 checks written to “cash”.
  • The documentation to support check # 2595 dated 08/25/2012 in the amount of $2,500.00 did not support the total amount billed on the invoice provided as the invoice a totaled amount was $2,680.00. IAD confirmed with the Vendor that no additional money was owed from the Foundation as the Vendor actually received full payment from Person A on September 3, 2012,
  • Furthermore the Vendor indicated that the charges noted on the invoices were for expenses the Vendor incurred during the actual dates (September 1, 2, and 3, 2012) of the “Olive festival events”.
  • The date (08/25/2012) on check #2595 predated the actual occurrence of the actual expenses (September 1, 2, and 3, 2012) as noted on the invoice.
  • The documentation to support check # 2596 dated 11/12/2012 in the amount of $5,000.00 did not support the total amount billed on the invoice provided as the invoice amount totaled $8,015.00.
  • The event for which check # 2596 was attributed to was a profit sharing event for which the Foundation was not to incur any expenses.
  • The date (11/12/2012) on check #2596 predated the event date (February 8 & 9, 2013).
  • There was no documentation to support that the money from check #2594 dated 06/11/2012 in the amount of $2,456.24 was used in conjunction with the Foundation activities.

• It was not within the Foundation normal business practice to write checks payable to “cash”. These three questionable checks were all written payable to cash.

• All three checks were within the same the check number sequence (2594, 2595, and 2956) however the months (June, August, and November) the checks were written were two to three months apart.
• Other Foundation checks written by the Foundation during this period where within the same check number sequence and the same month sequence.

**Allegation II:** The signature of Person B was forged on check #2594;
IAD was unable to render an opinion on this allegation as there is insufficient information available at this time.

**RECOMMENDATION:**
IAD recommends that:

1. The Foundation demand the repayment of the $9,956.24 from Person A for all checks written to "Cash" that was endorsed by Person A as these checks were not supported with the required sufficient document to justify the payment.

2. The Foundation established a segregation of duties that will ensure that access to blank checks is not made available to individuals that are authorized to sign checks.

3. The Foundation creates a secure location such as a safe to store the blank checks. If a desk draw is used to store the checks then the foundation should ensure that the keys are stored in secured location that will negate easy access to the keys.

4. Foundation employees responsible for writing checks should be required to review and maintain documentation of the check sequence to ensure that check written follow the numerical sequence. In the event that the checks are missing, then the employee should be required to communicate to a member of the Foundation board and LAMC in order to resolve immediately.

5. Foundation creates policies and procedures that will require two signatures on checks that exceed $500.00.

6. The Foundation should implement a process whereby all purchases require prior approval.

7. Implement policies and procedures for seeking reimbursement of expenditures by Foundation employees. Individuals should be required to complete a reimbursement form and submit all documentation denoting valid expenditures. Vendors seeking reimbursement should be required to invoice the Foundation and provide supporting receipts.

8. The bookkeeper/Foundation employee should maintain a log notating the detail of the checks written and distributed. The log should list the check number, check date, name of payee, and a signatory line with the date that the checks are physically provided to the payee. A notation should also be made for checks that are mailed out.

9. This check distribution log should be reviewed and compared to the bank statements by the Treasurer and the external CPA.

10. The Foundation develops a policy that will negate an employee from approving their own expenses.

11. The LAMC should increase its oversight of the activities of the Foundation as mandated by the board rules and administrative regulation.

12. The Foundation includes in the Foundation by-laws a requirement that specifically includes the LAMC oversight as it relates to the processing of checks. The LAMC oversight must involve the following:
   a. Reviewing and validating the accuracy of all check payment by comparing the expenses associated with the checks to the foundation authorized expenses,
b. A reconciliation of all accounts within the foundation must be performed by the LAMC on a quarterly basis, and

c. A log should be maintained by the Foundation and the LAMC for any questionable transactions and/or discrepancies identified.

13. The LAMC mandates that an internal audit be performed on the Foundation at least once every three years.

14. The Foundation and the LAMC conduct self-audits to ensure that policies and procedures are followed.

15. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understood the policies and procedures.

16. An accountability clause is incorporated to policies and procedures to ensure accountability.

**DISTRIBUTION:**
Adriana Barrera, Interim Chancellor
The Finance and Audit Committee; Board of Trustees
Albert Alvarez: Chairman/Treasurer of the LAMC Foundation
Camille Goulet, General Counsel
Jeanette L. Gordon, CFO/ Treasurer
Daniel Villanueva, Vice President of Administrative Services, LAMC

**AUDIT TEAM:**
Arnold Blanshard, CPA/CRMA/MBA Director Internal Audit Department
Keyna Crenshaw, Auditor

The following memorandum is intended exclusively for LACCD and should not be referred to or distributed for any other purpose to any individual who is not a representative of LACCD, LACCD’s audit committee, LACCD management, or LACCD’s general counsel without the express written consent of LACCD Internal Audit, except as may be required by law, regulation, or judicial or administrative process. The following memorandum is not intended to be relied upon and should not be relied upon by anyone other than LACCD or anyone who is not a representative of LACCD. The following analysis and observations as outlined in this memorandum are based solely on the information, explanations, and representations, which have been provided to Internal Audit throughout the course of our investigation. The following memorandum outlines our analyses and observations as of the date of the memorandum. To the extent that any relevant documents or information come to our attention after the date of this memorandum, we reserve the right to review any such information and to supplement and/or modify our conclusions; however, we are under no obligation to do so.
## Results of Spring 2014 District Budget Committee Marketing and Recruitment Survey

### Activity Summary

<table>
<thead>
<tr>
<th>Activities (actual and planned)</th>
<th>City</th>
<th>East</th>
<th>Harbor</th>
<th>Mission</th>
<th>Pierce</th>
<th>Southwest</th>
<th>Trade-Tech</th>
<th>Valley</th>
<th>West</th>
<th>Number of Colleges with Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Boards</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>2</td>
</tr>
<tr>
<td>Bus/Train Ads</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Campus Pole Banners</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Campus Posters</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Cinema Ads</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>College Brochure/Flyers</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Community Appearances</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Direct Mail</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Email and Text Blasts to Students</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Facebook/Social Media Ads</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Faculty promoting class schedule</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Google Ads</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Hand Delivered Flyers and Postcards</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Mini Class Schedules</td>
<td></td>
<td></td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Newspaper/Print Ads</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Press Releases Resulting in Articles</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Radio Ads</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Street Banners</td>
<td></td>
<td></td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Table Banners</td>
<td></td>
<td></td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>TV/Cable Ads</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Wall Ads</td>
<td></td>
<td></td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Web Site Ads/Features</td>
<td></td>
<td></td>
<td>☑</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td><strong>Recruitment &amp; Outreach Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student recruiters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Boot Camps</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Regular Visits to HS</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Participation in College Fairs</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Student field trips/tours</td>
<td></td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td>☑</td>
<td>☑</td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Use of Distance Education Portal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Themed Activities/Events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>$65,278</td>
<td>$0</td>
<td>$290</td>
<td>$0</td>
<td>$7,294</td>
<td>$21,976</td>
<td>$152,374</td>
<td>$136,194</td>
<td>$66,015</td>
<td>$449,421</td>
</tr>
<tr>
<td>2013-14</td>
<td>$48,518</td>
<td>$0</td>
<td>$87,000</td>
<td>$22,848</td>
<td>$78,771</td>
<td>$69,695</td>
<td>$99,539</td>
<td>$10,000</td>
<td>$138,483</td>
<td>$554,854</td>
</tr>
<tr>
<td>2014-15 (planned)</td>
<td>$108,518</td>
<td>$250,000</td>
<td>$87,000</td>
<td>$50,000</td>
<td>$92,500</td>
<td>$75,222</td>
<td>$104,932</td>
<td>$103,100</td>
<td>$141,000</td>
<td>$1,012,272</td>
</tr>
</tbody>
</table>

*Non-personnel
## Results of Spring 2014 District Budget Committee Marketing and Recruitment Survey

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Activity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>Advertisement on the web page</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Facebook announcements sent to students</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Faculty advertise summer classes to students in their classes</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$65,278</td>
<td>College fairs and tours</td>
<td>$48,518</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High school visits/presentations</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Offsite assessments</td>
<td></td>
</tr>
<tr>
<td><strong>Total: City</strong></td>
<td>$65,278</td>
<td>$48,518</td>
<td>$108,518</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Proposed Activity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>$0</td>
<td>Printing, advertising, social media, marketing, (TV, Theatres, Bus, radio)</td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total: East</strong></td>
<td>$0</td>
<td>$0</td>
<td>$250,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Activity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$290</td>
<td>Street Banners</td>
<td>$12,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comprehensive college brochure</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$75,000</td>
<td>Admissions/application assistance, orientation, tours and open house/fair activities at high schools</td>
<td>$75,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Boot Camps</td>
<td></td>
</tr>
<tr>
<td><strong>Total: Harbor</strong></td>
<td>$290</td>
<td>$87,000</td>
<td>$87,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Activity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>Bus tail ads, cable TV ads, bill boards at key locations</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Workshops for high schools students</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$22,848</td>
<td>10,000 mini schedules distributed for spring 2014</td>
<td>$22,848</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partnership with Youth Policy Institute (visits by 400 seniors in spring 2014)</td>
<td></td>
</tr>
<tr>
<td><strong>Total: Mission</strong></td>
<td>$0</td>
<td>$22,848</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Personnel Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Activity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$0</td>
<td>Outdoor Bus Advertising (Bus stops/bus ends/interiors)</td>
<td>$71,347</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cable TV</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Summer campaign (still defining venue)</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$7,294</td>
<td>HS Liaisons and supplies</td>
<td>$7,424</td>
</tr>
<tr>
<td><strong>Total: Pierce</strong></td>
<td>$7,294</td>
<td>$78,771</td>
<td>$92,500</td>
</tr>
<tr>
<td></td>
<td>2012-13</td>
<td>2013-14</td>
<td>2014-15</td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td></td>
<td>Non-Personnel Expenses</td>
<td>Current Activity</td>
<td>Current Non-Personnel Expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$21,976</td>
<td>Local newspaper</td>
<td>$69,695</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Radio</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metro Bus ads</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local television (Time Warner Cable)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marketing post-cards</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cinema ads</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$0</td>
<td>Campus posters, emails and text blasts</td>
<td>$0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High School Senior Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Beat The Rush</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black College Expo</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Church Outreach – printing cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>First-Year Experience- federally funded project</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unvision Event – No fee. Cost for printing outreach material</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Taste of Soul Event</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>High School Principal/Counselor Breakfast</td>
<td></td>
</tr>
<tr>
<td>Total: Southwest</td>
<td>$21,976</td>
<td>$69,695</td>
<td>$75,222</td>
</tr>
<tr>
<td>Trade-Tech</td>
<td>$52,374</td>
<td>Clear Channel Radio spots</td>
<td>$65,372</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ads for fall and spring enrollment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Promotional videos on website</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ads aired at home games</td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>$87,002</td>
<td>$64,539</td>
<td>$68,282</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clear Channel Radio</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Google ads</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Placement ads on Metro trains</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wall ads in Union Station</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Videos on website</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wall Advertisement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>LA Union Station</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Video Advertisement on movie screens</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Google Online Ads</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clear Channel Radio Advertisement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Video in-house spots</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$65,372</td>
<td>Welcome Week</td>
<td>$35,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash for College</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black College Expo</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recruitment Middle-High Schools</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Give Aways</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total: Trade</td>
<td>$152,374</td>
<td>$99,539</td>
<td>$104,932</td>
</tr>
<tr>
<td></td>
<td>2012-13</td>
<td>2013-14</td>
<td>2014-15</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Marketing &amp; Advertising</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Personnel Expenses</td>
<td>$0</td>
<td>$0</td>
<td>$93,100</td>
</tr>
<tr>
<td>Current Activity</td>
<td>&quot;Bus Tail&quot; Ads</td>
<td>LAVC Web Site Slide</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Professional Photoshoot</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cable TV Ads</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bus Tail Ads</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Street lightpole banners</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Campus lightpole banners</td>
<td></td>
</tr>
<tr>
<td>Recruitment &amp; Outreach</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Coordinated Outreach Services to high schools</td>
<td>Coordinated Outreach Services to high schools</td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>College Fest, Counselor Day, and Senior Day and other campus events.</td>
<td>Collaborate with Welcome Day event(s)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>College Fest, Counselor Day, and Senior Day and other campus events.</td>
<td></td>
</tr>
<tr>
<td>Total: Valley</td>
<td>$136,194</td>
<td>$10,000</td>
<td>$118,100</td>
</tr>
</tbody>
</table>

**West**

<table>
<thead>
<tr>
<th></th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marketing &amp; Advertising</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Personnel Expenses</td>
<td>$62,500</td>
<td>$130,000</td>
<td>$130,000</td>
</tr>
<tr>
<td>Cable</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billboards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street Banners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hand-delivered Postcards &amp; Flyers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Media</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Newspaper &amp; Civic Organization Ads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appearance at Large Community Street Fair</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upgrade of Web Site</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campus pole banners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exterior bus ads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Cards, table banners, and promotional brochures</td>
<td>Business Cards, table banners, and promotional brochures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular outreach visits to feeder schools in the local service area</td>
<td>Regular outreach visits to feeder schools in the local service area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student field trips (admissions presentation, assessment, campus tour) and high school faculty events</td>
<td>Student field trips (admissions presentation, assessment, campus tour) and high school faculty events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Outreach at High Schools (JumpStart)</td>
<td>Academic Outreach at High Schools (JumpStart)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising for Westside Extension</td>
<td>Advertising for Westside Extension</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International marketing of Language Academy</td>
<td>International marketing of Language Academy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distance Education portal</td>
<td>Distance Education portal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation in American college fairs in other countries</td>
<td>Participation in American college fairs in other countries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open houses sponsored by Motion Picture/Television Program</td>
<td>Open houses sponsored by Motion Picture/Television Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint marketing through contract education</td>
<td>Joint marketing through contract education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total: West</td>
<td>$66,015</td>
<td>$138,483</td>
<td>$141,000</td>
</tr>
<tr>
<td>Total: All Colleges</td>
<td>$449,421</td>
<td>$554,854</td>
<td>$1,012,272</td>
</tr>
</tbody>
</table>
C. USE OF FUNDS FROM DISTRIBUTION OF 2012-13 GENERAL REVENUE RECAL
Subject: AUTHORIZE THE DISTRIBUTION OF $8,912,000 STATE GENERAL REVENUE FROM 2012-13 RECALCULATION

In General Fund, authorize to distribute $8,912,000 of the remaining $9,369,131 of the 2012-13 State General Revenue Recalculation to augment college and District budgets to fund the following activities (eBTA’s: D-0564, D-0565, D-0566, D-0567, D-0568, D-0571):

1. $7,752,000 – to increase the funding for the 2 percent growth over-cap target (2% above the 1.63% state funded enrollment growth revenue) by increasing the rate from $2,324 per FTES to $4,000 per FTES;

2. $300,000 – District Marketing, Outreach and Recruitment Campaign;

3. $300,000 – Accreditation Planning Activities for Los Angeles Mission College, Los Angeles Southwest College, and Los Angeles Valley College;

4. $360,000 – CURRICUNET Software Application; and

5. $200,000 – Sub & Relief Time for SIS Conversion Project Support

Supporting summary information is provided in Attachment I.

On March 19, 2014 District Budget Committee (DBC) made a unanimous recommendation to the Chancellor to distribute $9,160,000 (Attachment II).

On March 24, 2014, the Board Budget and Finance Committee reviewed the DBC recommendation as shown in Attachment II.

The Board Budget and Finance Committee removed the DBC recommendation of $300,000 for funding the District/College Marketing, Outreach, and Recruitment Campaign pending more detailed planning information. These items, including the detailed information for marketing, will be reviewed by the Budget and Finance Committee on April 23, 2014 prior to the meeting of the Board of Trustees.

Recommended and Approved by: Adriana D. Barrera, Interim Chancellor

Chancellor and Secretary of the Board of Trustees
**Background:** On February 20, 2014, the State Chancellor's Office released the 2012-13 General Revenue Recalculation, which increased the allocation for the Los Angeles Community College District by $17,462,244. These additional funds resulted from an increase to the Redevelopment Agency backfill, additional Funded Enrollment Growth Revenue, additional funding for the EPA Fund, and additional State General Revenue.

Of the $17,462,244 million available, the Board of Trustees previously approved the distribution of $8,912,000 (Comm. BF3 and BF4 on February 12, 2014 and Comm. BF3 on March 12, 2014). The remaining $9,369,131 was set aside in the Unallocated General Fund. These Board actions will reduce the remaining $9,369,131 to $457,131 in the Unallocated General Fund Account.
SUMMARY INFORMATION

1. **Funding for the 2 percent growth over-cap target at $4,000 per FTES**

   Colleges will utilize these additional funds to restore classes and meet the District's 3.63 percent enrollment target, to augment/pay for summer offerings, and to offset current year projected deficits. The distribution of the 2 percent is provided on Attachment I, page 3 of 3.

2. **District Marketing, Outreach and Recruitment Campaign**

   The District Budget Committee recommended to the Chancellor funding for the district-wide and college campaign on marketing, recruitment, and outreach activities. The district has completed the marketing and recruitment activities survey for FY 2012-13 and FY 2013-14 from each college. The colleges have done some major marketing activities in the current year such as street banners, bus tail ads, cable TV ads, billboards, and recruitment at high schools.

   These additional funds will be utilized for summer advertising and recruitment activities.

3. **Accreditation Planning Activities**

   Three colleges (Mission, Southwest, and Valley) and the Educational Services Center will receive these additional funds to assist them in preparing for 2014 accreditation activities. The remainder will be distributed districtwide.

   **Mission College** - $50,000 for mediation training, student services staff training, consulting services to guide learning and administrative outcome, steering committee retreat, and ACCJC team support and logistics

   **Southwest College** - $49,000 for SLO workshop, Microsoft SharePoint documentation management system implementation, technical support for the new online SLO system and online program review system, and ACCJC team visit support and logistics

   **Valley College** - $33,000 for Institutional Research consulting services, accreditation forum, and ACCJC team visit support and logistics
Educational Services Center - $78,000 for consulting services to assist Chancellor’s Senior Staff in developing outcome statements and evaluation metrics, statements on functional areas and program review reports

Districtwide - $90,000 to align achieving the dream activities at the colleges with Student Success and Support program.

4. CURRICUNET Software Application

The CURRICUNET system will replace the current curriculum home-grown system which was customized to the outgoing Protocol course management system. The current system maintains the course outline of record. Retaining this system is not an option as Protocol is being replaced by the PeopleSoft and the entire in-house system would have to be re-written from scratch. Rebuilding an in-house system is neither effective nor consistent with statewide curriculum management standards. The CURRICUNET system is being used by the majority of California community colleges. It is also the system of record for the California Community Colleges Chancellor’s Office (CCCCO).

5. Sub & Relief for SIS Conversion Project

The requested funds are to reimburse colleges for employees who have been released to participate in the configuration, system testing, and training of the SIS project. Sub and relief time will be used to backfill for staff as they work on the SIS conversion.

Configuration Setup - $92,366 for staff to work with the SIS consultants to develop business rules and configuration specifications.

System Testing - $22,367 for staff to assist the SIS consultants develop test scripts scenarios, participate in proofing test scripts, execute test scripts, validate and log results of tests, test third-party interfaces, and conduct regression testing, if needed.

Training - $85,267 to provide on-site training for each employee depending on his/her role.
## FUNDING FOR PROJECTED 2% OVERCAP

<table>
<thead>
<tr>
<th></th>
<th>FTES @ 1.63%</th>
<th>FTES @ 3.63%</th>
<th>CHANGE</th>
<th>FUNDED @ $2324/FTES</th>
<th>FUNDED @ $4000/FTES*</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY</td>
<td>13,904</td>
<td>14,179</td>
<td>275</td>
<td>$639,100</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>EAST</td>
<td>21,311</td>
<td>21,730</td>
<td>419</td>
<td>$973,756</td>
<td>$1,676,000</td>
</tr>
<tr>
<td>HARBOR</td>
<td>6,529</td>
<td>6,657</td>
<td>128</td>
<td>$297,472</td>
<td>$512,000</td>
</tr>
<tr>
<td>MISSION</td>
<td>5,950</td>
<td>6,067</td>
<td>117</td>
<td>$271,908</td>
<td>$468,000</td>
</tr>
<tr>
<td>PIERCE</td>
<td>14,085</td>
<td>14,362</td>
<td>277</td>
<td>$643,748</td>
<td>$1,108,000</td>
</tr>
<tr>
<td>SOUTHWEST</td>
<td>5,045</td>
<td>5,144</td>
<td>99</td>
<td>$230,076</td>
<td>$396,000</td>
</tr>
<tr>
<td>TRADE-TECH</td>
<td>11,785</td>
<td>12,016</td>
<td>231</td>
<td>$536,844</td>
<td>$924,000</td>
</tr>
<tr>
<td>VALLEY</td>
<td>12,574</td>
<td>12,821</td>
<td>247</td>
<td>$574,028</td>
<td>$988,000</td>
</tr>
<tr>
<td>WEST</td>
<td>6,857</td>
<td>6,992</td>
<td>135</td>
<td>$313,740</td>
<td>$540,000</td>
</tr>
<tr>
<td>ITV</td>
<td>432</td>
<td>442</td>
<td>10</td>
<td>$23,240</td>
<td>$40,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>98,472</strong></td>
<td><strong>100,410</strong></td>
<td><strong>1,938</strong></td>
<td><strong>$4,503,912</strong></td>
<td><strong>$7,752,000</strong></td>
</tr>
</tbody>
</table>

*As recommended by the DBC, March 19, 2014.
Inter-Office Correspondence
Los Angeles Community Colleges

March 19, 2014

To: Adriana Barrera, Ph.D.
   Interim Chancellor

   Jeanette Gordon
   Chief Financial Officer/Reasurer

From: Kathleen F. Burke
       John McDowell
       Co-chairs DBC

SUBJECT: DBC Recommendation on the Distribution of $9.3 million,
Remainder of the $17.4 million from the 2012-13 State General
Revenue Recalculation

On March 19, 2014, by a unanimous vote, the DBC passed a motion to increase the
funding for the 2 percent growth over-cap target (2% above the 1.63% state funded
enrollment) by increasing the rate of $2,324 per FTES to $4,000 per FTES. This will
fund approximately 2,000 FTES or $8 million to be distributed to all colleges—and all
colleges are planning to meet the district-wide target of 3.63%.

It was also recommended that the remaining $1.3 million be used to fund other budget
needs as discussed in the DBC meeting as follows:

1. $300,000 - District Marketing, Outreach and Recruitment Campaign
2. $300,000 - Accreditation Planning Activities
3. $360,000 - CURRICUNET Application
4. $200,000 - Staffing Release Time for SIS Conversion Project

The committee discussed other possible budget items for funding such as augmentation
of summer offerings, 2014-15 enrollment growth target, FON, and college deficits but
DBC determined that, in addition to being the best and fairest way to distribute these
funds, basing the distribution on earned FTES would also address these other needs.

These recommendations are forwarded to you both for consideration.
BF 2: AUTHORIZE THE DISTRIBUTION OF $8,912,000 STATE GENERAL REVENUE FROM 2012-2013 RECALCULATION

(ADDITIONAL SUPPORTING DETAILED INFORMATION)*

- Accreditation Planning Activities for Los Angeles Mission College, Los Angeles Southwest College, and Los Angeles Valley College

- CURRICUNET Software Application

- Sub & Relief Time for SIS Conversion Project Support

*For District Marketing Outreach and Recruitment Campaign, see section B.
## L.A. Mission College Budget Augmentation for 2014 Accreditation Visit

<table>
<thead>
<tr>
<th>Resource Requested</th>
<th>Rationale for Request</th>
<th>Anticipated Cost</th>
<th>Accreditation Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Meditation Training</td>
<td>Conduct 40 hours of training for 25 faculty and staff to be trained as mediators</td>
<td>$15,000</td>
<td>III: Resources</td>
</tr>
<tr>
<td>Student Services Staff Training</td>
<td>Mentor and Train Student Services staff to conduct comprehensive program review</td>
<td>$10,000</td>
<td>II: Student Learning Programs &amp; Support Services</td>
</tr>
<tr>
<td>3 Consultant</td>
<td>Hire a consultant to guide learning/administrative outcome assessments for student services division</td>
<td>$20,000</td>
<td>II: Student Learning Programs &amp; Support Services</td>
</tr>
<tr>
<td>Steering Committee Retreat</td>
<td>Convene retreat for Accreditation Steering Committee Members prior to ACCJC Follow-up Visit</td>
<td>$2,000</td>
<td>III: Resources</td>
</tr>
<tr>
<td>ACCJC Team Visit</td>
<td>Costs related to printing and mailing follow-up report to ACCJC and Visiting Team members, staff overtime to prepare to visit, hosting costs (i.e. mileage reimbursement, meals, refreshments) and supplies for visit.</td>
<td>$3,000</td>
<td>All Standards</td>
</tr>
<tr>
<td>Support and Logistics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REQUEST FOR 2014 VISIT</strong></td>
<td></td>
<td><strong>$50,000</strong></td>
<td></td>
</tr>
<tr>
<td>Resource Requested</td>
<td>Rational for Request</td>
<td>Anticipated Cost</td>
<td>Accreditation Standard</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>SLO Workshop</td>
<td>Provide training and support to LASC in its efforts to meet the ACCJC Proficiency level for student learning outcomes.</td>
<td>$ 1,004</td>
<td>II. Student Learning Programs and Support Services</td>
</tr>
<tr>
<td>Microsoft SharePoint</td>
<td>SharePoint will allow LASC to provide intranet and internet portals and a document management system that will facilitate collaboration and communication. Specifically, SharePoint will streamline LASC's Program Review and SLO processes, as well as maximize the college's ability to ensure that dialogues and decisions affecting the college are communicated clearly and widely across campus.</td>
<td>$ 15,000</td>
<td>I. Mission, Academic Quality, Institutional Effectiveness</td>
</tr>
<tr>
<td>Technical Support</td>
<td>Technical support for the implementation and roll-out of SharePoint, the new online SLO system, and the new online program review system.</td>
<td>$ 30,000</td>
<td>I. Mission, Academic Quality, Institutional Effectiveness</td>
</tr>
<tr>
<td>ACCJC Team Visit Support</td>
<td>Costs related to printing and mailing follow-up report to ACCJC and Visiting Team members, staff overtime to prepare to visit, hosting costs (i.e. mileage reimbursement, meals, refreshments) and supplies for visit.</td>
<td>$ 3,000</td>
<td>All Standards</td>
</tr>
<tr>
<td><strong>TOTAL REQUEST FOR 2014 VISIT</strong></td>
<td></td>
<td>$ 49,004</td>
<td></td>
</tr>
<tr>
<td>Resource Requested</td>
<td>Rational for Request</td>
<td>Anticipated Cost</td>
<td>Accreditation Standard</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>------------------</td>
<td>------------------------</td>
</tr>
</tbody>
</table>
| 1 Institutional Research Consultant | • Review all accreditation documents and provide feedback  
                                  • Meet with college staff and accreditation work groups to strengthen report and responses  
                                  • Develop independent recommendations on steps college should take to strengthen accreditation standing  
                                  • Facilitate an accreditation forum to take place prior to ACCJC Follow-up Visit | $28,000          | IV. Decision Making Process |
| 2 Accreditation Forum              | Cover costs associated with logistics of accreditation forum                           | $2,000           | III. Resources         |
| 3 ACCJC Team Visit Support and Logistics | Costs related to printing and mailing follow-up report to ACCJC and Visiting Team members, staff overtime to prepare to visit, hosting costs (i.e. mileage reimbursement, meals, refreshments), and supplies for visit. | $3,000           | All Standards          |

**TOTAL REQUEST FOR 2014 VISIT** $33,000
## EDUCATIONAL SERVICES CENTER (ESC)

<table>
<thead>
<tr>
<th>Resource Request</th>
<th>Rationale</th>
<th>Anticipated Cost</th>
<th>Accreditation Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultant</td>
<td>Review and edit ESC Statements on Functional Areas</td>
<td>$75,000</td>
<td>Standard III: Resources</td>
</tr>
<tr>
<td></td>
<td>Assist Chancellor's Sr. Staff in developing Outcome Statements and Evaluation Metrics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Guide First Cycle of Program Review for ESC Departments/Units</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review and Edit ESC's Program Review Report</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESC Internal Logistics</td>
<td>Costs Related to Publication of Reports</td>
<td>$3,000</td>
<td>All Standards</td>
</tr>
<tr>
<td>Total Cost</td>
<td></td>
<td>$78,000</td>
<td></td>
</tr>
</tbody>
</table>

## Districtwide

| Achieving the Dream    | Provide participation for the nine colleges to align AID activities with Student Success and Support Program | $90,000          | Standard II: Student Learning Programs and Services |
|                        | Integrate college plans to address accreditation standard with regard to student learning and success |                  |                                        |
BuildLACCD

Curriculum Management Module for Student Information System (SIS)
White Paper

Date: November 25, 2013

To: James O'Reilly, Executive Director – Facilities Planning/ Development, LACCD

From: Bobbi Kimble; Jorge Mata
Interim Vice Chancellor Institutional Effectiveness; Chief Information Officer, LACCD

CC: Anne Diga, Associate General Counsel, LACCD
Mona Garber, Compliance Manager for BuildLACCD
BuildLACCD Controls Group
BuildLACCD Docview

RE: Curriculum Life-cycle Management, related software configuration and data migration for integration with the PeopleSoft Campus Solutions Student Information System.
SIS Consulting Services (40J-J05.01)

1) Summary
a) Requested action – LACCD intends to purchase a course management system software including configuration and data migration services and extended warranty. The system will be fully integrated with the PeopleSoft Campus Solutions system currently being configured for deployment.
b) Reasons for requested action – The curriculum system maintains the course outlines of record. The course outline of record is a legal document that must contain certain required elements per Title 5 § 55002. The system also addresses potential modifications for approvals (with workflow) within LACCD, while performing state mandated integrity checks to validate them with State standards. This will ensure enhanced compliance with state requirements maintained by the State Chancellor’s office. The proposed system also maintains compatibility with CSU and UC system’s articulation, to validate transfer credits for LACCD students.

The requested system will replace the current home-grown system, which was customized to the outgoing Protocol course management system. Retaining this system is not an option as Protocol is being replaced by the PeopleSoft and the entire in-house system would have to be re-written, from scratch. Rebuilding an in house system is not cost effective, nor consistent with statewide curriculum management standards.

The proposed system, CurricUNET, is in use at the majority of California community colleges. It is also the system of record for the California Community Colleges Chancellor’s Office (CCCCO), meaning that individual colleges are required to upload
their course and program documents to the State system for approval. In addition, CurricUNET was recently awarded a State contract to become the system of record for ASSIST, the online system that facilitates course articulation between the CSU, UC and community college systems. As a result, CurricUNET has become the platform of record for not only individual college course outlines, but also as the method of transmittal between the colleges and the CCCC0 and the UC/CSU articulation systems. It is also the means whereby college MIS uploads are vetted against the State database. Not having CurricUNET as our system of record requires that we must continually reconcile data between the State MIS system and our local system, a continual drain of staff time and potential data mismatches.

CurricUNET can be procured using a master agreement with the Foundation for California Community Colleges, which would allow LACCD to engage in a piggyback purchase for software which does not require that public bids to be obtained.

The proposed system will be procured as a complete package including: migration of course data from the existing system, as well as current and future software updates ensuring continued functionality to meet changing state requirements to comply with new laws and regulations.

The inclusion of the warranty in the software updates and support is standard in the software industry, primarily due to complexity of future software upgrades which may necessitate technical assistance from the manufacturer. Moreover, the SIS is being implemented over a multi-year period covering all the nine colleges and will be fully operational at the conclusion of a full academic year when an MIS report generated by the system can be certified to the state for LACCD funding. The warranty will need to continue through this three year period.

c) Approvals for requested action – see below

2) Body
   a) State the problem –
      Whether purchasing a new curriculum management system and data migration for the new SIS software system is an appropriate expenditure of bond funds.
   b) Why do we need to change something – The legacy system will require a major software rewrite to be compatible with the new SIS and procuring an off-the-shelf system and data migration would provide the certainty required to integrate with the State system and is being used by the majority of the community colleges in the State.
   c) What is the solution to the problem – Use Measure J funds to pay for these services and extended technical support that includes software updates and technical support for correction of software bugs and upgrade functional features.

3) Bullet points to justify the solution
   a) The proposed vendor and system are the system of record for the CCCC0, the ASSIST higher education articulation system, and the majority of the community colleges in California. Procuring this system will ensure that LACCD is able to
achieve full compatibility with State requirements in an accurate and stream-lined manner.

b) The Foundation for California Community Colleges has a Master Agreement for the system and associated services, which will allow LACCD to engage in a piggyback purchase for software which does not require that public bids to be obtained.

4) Future actions that maybe required by BuildLACCD
   a) Funds for this software package, warranty and services have been budgeted in the SIS project from the Bond – no future action is required by BuildLACCD.

Bobbi Kimble
Interim Vice Chancellor – Institutional Effectiveness
Los Angeles Community College District

Jorge Mata
Chief Information Officer
Los Angeles Community College District

11-25-13
# SIS Modernization Project
## Estimated Sub-Relief/Back-fill Staffing Request

Submitted by: Betsy Regalado 3/5/14

## Phase #2 Configuration

The subject matter experts' role in configuration is to explain to the consultant the LACCD business rules for their department to set-up the configuration specifications.

<table>
<thead>
<tr>
<th>Module</th>
<th>Employee Name</th>
<th>College</th>
<th>Hours per week/Month</th>
<th>Estimate Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>A&amp; R Office Supervisor</td>
<td>LA City College</td>
<td>20/80</td>
<td>$4,272.00</td>
</tr>
<tr>
<td></td>
<td>A&amp;R Office Supervisor</td>
<td>East LA College</td>
<td>20/80</td>
<td>$4272.00</td>
</tr>
<tr>
<td></td>
<td>Dean of Student Services</td>
<td>LA City College</td>
<td>4/16</td>
<td>$960.00</td>
</tr>
<tr>
<td>Student Financials</td>
<td>Supervising Accounting Technician</td>
<td>LA Mission College</td>
<td>12/48</td>
<td>$2,079.42</td>
</tr>
<tr>
<td></td>
<td>College Financial Admin.</td>
<td>LA Trade Technical College</td>
<td>12/48</td>
<td>$2,991.60</td>
</tr>
<tr>
<td></td>
<td>2 Accounting Unit Reprs</td>
<td>ESC</td>
<td>12/48</td>
<td>$4,162.56</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>Financial Aid Manager</td>
<td>Pierce College</td>
<td>8/32</td>
<td>$3,665.60</td>
</tr>
<tr>
<td></td>
<td>Financial Aid Manager</td>
<td>East LA College</td>
<td>8/32</td>
<td>$3,665.60</td>
</tr>
</tbody>
</table>

Staff Calculation: Monthly salary divided by 160 then multiplied by # of days

Faculty/Admin Calculation: $75 per hour
<table>
<thead>
<tr>
<th>Position</th>
<th>College</th>
<th>Start Date</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 Central Financial Aid Unit</td>
<td>ESC</td>
<td>8/32</td>
<td>$14,948.56</td>
</tr>
<tr>
<td>Student Records</td>
<td>Articulation Officer</td>
<td>Pierce College</td>
<td>4/16</td>
</tr>
<tr>
<td>SSSP Director/Counselor</td>
<td>LA City College</td>
<td>4/16</td>
<td>$1,200</td>
</tr>
<tr>
<td>A&amp; R Office Supervisor</td>
<td>West LA College</td>
<td>4/16</td>
<td>$554.00</td>
</tr>
<tr>
<td>A&amp; R Office Supervisor</td>
<td>LA Mission College</td>
<td>4/16</td>
<td>$554.00</td>
</tr>
<tr>
<td>3 Attendance Accounting</td>
<td>ESC</td>
<td>4/16</td>
<td>$3,028.92</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>Degree Audit Team</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 members</td>
<td>LA City College</td>
<td>16 hours per month</td>
<td>$3,187.00</td>
</tr>
<tr>
<td>5 members</td>
<td>East LA College</td>
<td>16 hours per month</td>
<td>$5,107.00</td>
</tr>
<tr>
<td>8 members</td>
<td>LA Harbor College</td>
<td>16 hours per month</td>
<td>$7,987.00</td>
</tr>
<tr>
<td>6 members</td>
<td>LA Mission College</td>
<td>16 hours per month</td>
<td>$6,067.00</td>
</tr>
<tr>
<td>5 members</td>
<td>LA Pierce College</td>
<td>16 hours per month</td>
<td>$5,107.00</td>
</tr>
<tr>
<td>4 members</td>
<td>LA Southwest College</td>
<td>16 hours per month</td>
<td>$4,107.00</td>
</tr>
<tr>
<td>4 members</td>
<td>LA Trade Tech College</td>
<td>16 hours per month</td>
<td>$4,107.00</td>
</tr>
<tr>
<td>5 members</td>
<td>LA Valley College</td>
<td>16 hours per month</td>
<td>$5,107.00</td>
</tr>
<tr>
<td>7 members</td>
<td>West LA College</td>
<td>16 hours per month</td>
<td>$7,027.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$92,365.66</strong></td>
</tr>
</tbody>
</table>
Phase #3 System Testing

Subject matter experts will assist the consultants to develop test scripts scenarios, participate in proofing test scripts, execute test scripts, validate and log results of tests, test third-party interfaces, and conduct regression testing, if needed.

System Testing Schedule
Admission – April 21, 2014 – July 18, 2014

<table>
<thead>
<tr>
<th>Module</th>
<th>Duration of time, not consecutive days</th>
<th># of Members</th>
<th>Estimated Hours for system testing period</th>
<th>Estimated cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$2,772.00</td>
</tr>
<tr>
<td>Student Financials</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$3,013.50</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$4,582.00</td>
</tr>
<tr>
<td>Student Records</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>10 days</td>
<td>9, one per college</td>
<td>80</td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$22,367.50</td>
</tr>
</tbody>
</table>
Phase # 4 Training

Training will be conducted on-site at the nine LACCD colleges. The training schedule for each employee depends on the role of the employee and whether or not cross-training is required. Training sessions will repeat twice a day, morning and afternoon, to avoid office closure.

Estimated Training
Front office/counter staff- minimum of 12 hours (3- ½ day sessions)
Supervisors/ middle management – minimum 16 hours (4- 1/2 day sessions)
Administrators and employees that require cross-training across several modules– minimum 20 hours (4- 5 hour sessions)
Read only users – 1- ½ day session

<table>
<thead>
<tr>
<th>Module</th>
<th>Proposed Training Period</th>
<th>Peak Registration</th>
<th>Recommended FTE for Sub &amp; Relief</th>
<th>Estimated Cost for back-fill during peak registration (2 months x 2 FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>July 26, 2014 - September 26, 2014</td>
<td>Yes</td>
<td>2 FTE Admission &amp; Records Assistant</td>
<td>$14,632.00</td>
</tr>
<tr>
<td>Student Financials</td>
<td>February 2, 2015 - May 22, 2015</td>
<td>Yes</td>
<td>2 FTE Accounting Assistant</td>
<td>$14,405.80</td>
</tr>
<tr>
<td>Financial Aid</td>
<td>January 5, 2015 - May 22, 2015</td>
<td>Yes</td>
<td>2 FTE Financial Aid Assistant</td>
<td>$14,632.00</td>
</tr>
<tr>
<td>Student Records</td>
<td>January 2, 2015 - May 22, 2015</td>
<td>Yes</td>
<td>2 FTE Administrative Intern</td>
<td>$19,930.40</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>July 21, 2014 – September 26, 2014</td>
<td>Yes</td>
<td>2 FTE Hourly Counselor</td>
<td>$21,666.64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$85,266.84</strong></td>
</tr>
</tbody>
</table>

Grand Total: $200,000
D. UPDATE OF FINANCIAL PROJECTIONS BY COLLEGES
### Los Angeles Community College District
Budget and Projected Expenditures by Colleges
As of March 31, 2014

<table>
<thead>
<tr>
<th>Location</th>
<th>City</th>
<th>East</th>
<th>Harbor</th>
<th>Mission</th>
<th>Pierce</th>
<th>Southwest</th>
<th>Trade-Tech</th>
<th>Valley</th>
<th>West</th>
<th>ITV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13 Actual</td>
<td>54,929,406</td>
<td>85,515,681</td>
<td>29,207,002</td>
<td>36,550,347</td>
<td>54,723,533</td>
<td>24,542,798</td>
<td>49,090,045</td>
<td>52,444,667</td>
<td>29,746,486</td>
<td>1,150,017</td>
<td>405,909,982</td>
</tr>
<tr>
<td>2012-13 Actual Expenditures</td>
<td>1,749,274</td>
<td>13,116,579</td>
<td>357,582</td>
<td>414,750</td>
<td>8,206,842</td>
<td>(669,435)</td>
<td>1,045,424</td>
<td>(1,947,686)</td>
<td>2,440,402</td>
<td>380,695</td>
<td>25,094,427</td>
</tr>
<tr>
<td>Add/less: Year-end Adjustments</td>
<td>(411,099)</td>
<td>633,138</td>
<td>(10,611)</td>
<td>(336,201)</td>
<td>(31,810)</td>
<td>121,884</td>
<td>240,149</td>
<td>305,976</td>
<td>33,579</td>
<td>0</td>
<td>495,005</td>
</tr>
<tr>
<td>2012-13 Adjusted Year-end Balance</td>
<td>1,338,175</td>
<td>13,749,717</td>
<td>346,971</td>
<td>28,549</td>
<td>8,175,032</td>
<td>(547,551)</td>
<td>1,285,573</td>
<td>(1,641,710)</td>
<td>2,473,981</td>
<td>380,695</td>
<td>25,589,432</td>
</tr>
</tbody>
</table>

(includeing open orders)

### 2013-14 Projection

#### March Projection

| 2013-14 Current Budget | 57,112,658 | 100,692,062 | 29,735,087 | 26,826,772 | 55,021,272 | 23,387,506 | 50,226,857 | 50,559,905 | 33,158,872 | 1,576,196 | 438,297,137 |
| 2013-14 Additional Revenue (proj.) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Est. Funded Growth Over-Cap (2%) | 1,100,000 | 1,676,000 | 512,000 | 488,000 | 1,108,000 | 396,000 | 924,000 | 988,000 | 540,000 | 40,000 | 7,752,000 |
| Funding for 1.43% Salary Increase | 654,932 | 942,497 | 346,070 | 308,353 | 643,202 | 287,479 | 575,332 | 628,906 | 346,014 | 13,131 | 4,745,898 |
| 2012-13 EPA Funding Adjustment | 98,440 | 149,666 | 45,843 | 41,509 | 98,956 | 34,685 | 82,741 | 88,621 | 48,081 | 3,037 | 691,579 |
| 2012-13 Funded Growth Recalculation | (275,187) | 496,755 | 270,216 | 133,707 | 66,440 | (295,865) | 274,972 | 90,220 | 121,507 | 17,645 | 900,410 |
| Additional Et. Revenue/Others | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estimated RDA/Backfill | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PI and P2 Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

#### 2013-14 Projected Ending Balance

| (1,884,324) | 13,969,192 | (1,014,172) | 199,682 | 6,795,345 | (414,799) | 145,833 | (2,084,328) | 1,019,015 | 92,424 | 16,823,868 |

Percentage of 2013-14 proj exp over 2012-13 exp.
110.28% 107.75% 109.30% 105.11% 109.90% 103.84% 108.11% 104.21% 111.86% 134.37% 107.83%

Percentage of Projected Balance over 2013-14 Final Budget Alloc.
-3.35% 14.22% -3.60% 0.75% 10.54% -1.83% 0.29% -4.21% 3.12% 5.90%

---

### First Period FTES Projection*

| Summer 2013 | 99 | 2,074 | 305 | 97 | 311 | 8 | 388 | 211 | 108 | 113 | 3,714 |
| Fall 2013 | 6,445 | 5,804 | 3,433 | 2,888 | 6,681 | 2,582 | 5,641 | 5,957 | 3,326 | 179 | 46,936 |
| Winter 2014 | 737 | 1,120 | 0 | 185 | 430 | 214 | 335 | 475 | 300 | 0 | 3,796 |
| Spring 2014 | 6,364 | 9,525 | 3,241 | 2,935 | 7,025 | 2,341 | 5,702 | 5,944 | 3,222 | 179 | 46,478 |
| Summer 2014 | 534 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 534 |
| Total | 14,179 | 22,523 | 6,979 | 6,105 | 14,447 | 5,145 | 12,066 | 12,587 | 6,956 | 471 | 101,458 |

| 2013-14 Base FTES | 13,681 | 20,969 | 6,424 | 5,855 | 13,859 | 4,964 | 11,596 | 12,372 | 6,747 | 426 | 96,893 |
| 2013-14 Funded Growth FTES (1.63%) | 13,904 | 21,311 | 6,529 | 5,950 | 14,085 | 5,045 | 11,785 | 12,574 | 6,857 | 432 | 98,472 |
| 2013-14 Funded Growth FTES (1.63%)+2% = 3.63% | 14,179 | 21,730 | 6,657 | 6,067 | 14,362 | 5,144 | 12,016 | 12,821 | 6,992 | 442 | 100,410 |

Difference between Projection and Base FTES
-0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

Meet or Exceed Funded Base FTES (Y/N)

Meet or Exceeded Funded Growth FTES, 1.63% (Y/N)

---

*As submitted to State Chancellor's Office - 01/15/2014*
<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-Tech</th>
<th>Valley</th>
<th>West</th>
<th>All Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Deficit</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(1,757,597)</td>
<td></td>
<td>$(315,686)</td>
<td></td>
<td></td>
<td>(2,073,283)</td>
</tr>
<tr>
<td>2011-12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(1,269,281)</td>
<td></td>
<td>$(796,968)</td>
<td></td>
<td></td>
<td>(2,066,249)</td>
</tr>
<tr>
<td>2012-13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(547,551)</td>
<td></td>
<td>$(1,641,710)</td>
<td></td>
<td></td>
<td>(2,189,261)</td>
</tr>
<tr>
<td><strong>2013-14 Projected</strong></td>
<td></td>
<td>$(1,884,324)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(414,799)</td>
<td></td>
<td></td>
<td>(5,397,623)</td>
</tr>
<tr>
<td><strong>Deficit as a % of Expenditure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-7.4%</td>
<td></td>
<td>-0.6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-5.4%</td>
<td></td>
<td>-1.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-2.2%</td>
<td></td>
<td>-3.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2013-14 Projected</strong></td>
<td></td>
<td>-3.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-1.6%</td>
<td></td>
<td></td>
<td>-3.8%</td>
</tr>
<tr>
<td><strong>2. WSCH/FTEF (Credit Instruction)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall 2010</td>
<td>601</td>
<td>647</td>
<td>600</td>
<td>632</td>
<td>617</td>
<td>644</td>
<td>666</td>
<td>605</td>
<td>630</td>
<td>626</td>
</tr>
<tr>
<td>Spring 2011</td>
<td>595</td>
<td>634</td>
<td>626</td>
<td>665</td>
<td>632</td>
<td>642</td>
<td>746</td>
<td>630</td>
<td>649</td>
<td>643</td>
</tr>
<tr>
<td>Fall 2011</td>
<td>587</td>
<td>649</td>
<td>607</td>
<td>637</td>
<td>615</td>
<td>587</td>
<td>713</td>
<td>596</td>
<td>631</td>
<td>626</td>
</tr>
<tr>
<td>Spring 2012</td>
<td>574</td>
<td>618</td>
<td>612</td>
<td>646</td>
<td>626</td>
<td>540</td>
<td>703</td>
<td>617</td>
<td>608</td>
<td>619</td>
</tr>
<tr>
<td>Fall 2012</td>
<td>566</td>
<td>628</td>
<td>625</td>
<td>624</td>
<td>621</td>
<td>535</td>
<td>678</td>
<td>569</td>
<td>610</td>
<td>609</td>
</tr>
<tr>
<td>Spring 2013</td>
<td>583</td>
<td>600</td>
<td>586</td>
<td>627</td>
<td>609</td>
<td>500</td>
<td>664</td>
<td>582</td>
<td>583</td>
<td>598</td>
</tr>
<tr>
<td><strong>3. FON and Full-Time Percentage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall 2012 Full-Time</td>
<td>210.34</td>
<td>280.79</td>
<td>98.04</td>
<td>84.18</td>
<td>200.42</td>
<td>80.97</td>
<td>189.14</td>
<td>196.58</td>
<td>99.98</td>
<td>1,445.34</td>
</tr>
<tr>
<td>Fall 2012 FT%</td>
<td>63.6%</td>
<td>66.7%</td>
<td>57.1%</td>
<td>58.0%</td>
<td>60.9%</td>
<td>66.7%</td>
<td>80.3%</td>
<td>66.6%</td>
<td>59.7%</td>
<td>65.6%</td>
</tr>
<tr>
<td><strong>4. Annual Expenditures Per FTES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>$2,714</td>
<td>$2,406</td>
<td>$2,522</td>
<td>$2,372</td>
<td>$2,611</td>
<td>$2,519</td>
<td>$2,492</td>
<td>$2,481</td>
<td>$2,318</td>
<td>$2,488</td>
</tr>
<tr>
<td>2011-12</td>
<td>$2,829</td>
<td>$2,480</td>
<td>$2,677</td>
<td>$2,486</td>
<td>$2,736</td>
<td>$2,645</td>
<td>$2,522</td>
<td>$2,665</td>
<td>$2,559</td>
<td>$2,603</td>
</tr>
<tr>
<td>2012-13</td>
<td>$2,871</td>
<td>$2,546</td>
<td>$2,869</td>
<td>$2,590</td>
<td>$2,603</td>
<td>$2,895</td>
<td>$2,704</td>
<td>$2,681</td>
<td>$2,624</td>
<td>$2,668</td>
</tr>
<tr>
<td>Student Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>$370</td>
<td>$302</td>
<td>$363</td>
<td>$401</td>
<td>$325</td>
<td>$553</td>
<td>$417</td>
<td>$386</td>
<td>$449</td>
<td>$371</td>
</tr>
<tr>
<td>2011-12</td>
<td>$383</td>
<td>$311</td>
<td>$476</td>
<td>$411</td>
<td>$362</td>
<td>$592</td>
<td>$446</td>
<td>$397</td>
<td>$500</td>
<td>$396</td>
</tr>
<tr>
<td>2012-13</td>
<td>$396</td>
<td>$336</td>
<td>$500</td>
<td>$493</td>
<td>$319</td>
<td>$533</td>
<td>$455</td>
<td>$413</td>
<td>$531</td>
<td>$408</td>
</tr>
<tr>
<td>Maintenance &amp; Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010-11</td>
<td>$486</td>
<td>$482</td>
<td>$493</td>
<td>$505</td>
<td>$495</td>
<td>$706</td>
<td>$500</td>
<td>$505</td>
<td>$538</td>
<td>$504</td>
</tr>
<tr>
<td>2011-12</td>
<td>$488</td>
<td>$559</td>
<td>$434</td>
<td>$594</td>
<td>$521</td>
<td>$688</td>
<td>$492</td>
<td>$523</td>
<td>$649</td>
<td>$534</td>
</tr>
<tr>
<td>2012-13</td>
<td>$545</td>
<td>$494</td>
<td>$592</td>
<td>$711</td>
<td>$521</td>
<td>$794</td>
<td>$563</td>
<td>$552</td>
<td>$668</td>
<td>$566</td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### College Financial Accountability Measures Report/Dashboard

<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-Tech</th>
<th>Valley</th>
<th>West</th>
<th>All Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>$281</td>
<td>$322</td>
<td>$299</td>
<td>$458</td>
<td>$383</td>
<td>$580</td>
<td>$402</td>
<td>$467</td>
<td>$392</td>
<td>$375</td>
</tr>
<tr>
<td>2011-12</td>
<td>$285</td>
<td>$322</td>
<td>$343</td>
<td>$545</td>
<td>$326</td>
<td>$677</td>
<td>$427</td>
<td>$493</td>
<td>$460</td>
<td>$390</td>
</tr>
<tr>
<td>2012-13</td>
<td>$277</td>
<td>$348</td>
<td>$397</td>
<td>$602</td>
<td>$275</td>
<td>$695</td>
<td>$390</td>
<td>$457</td>
<td>$448</td>
<td>$388</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>$4,011</td>
<td>$3,755</td>
<td>$4,057</td>
<td>$4,127</td>
<td>$4,103</td>
<td>$4,687</td>
<td>$3,992</td>
<td>$4,239</td>
<td>$4,272</td>
<td>$4,025</td>
</tr>
<tr>
<td>2012-13</td>
<td>$4,104</td>
<td>$3,810</td>
<td>$4,472</td>
<td>$4,501</td>
<td>$3,946</td>
<td>$5,009</td>
<td>$4,211</td>
<td>$4,229</td>
<td>$4,391</td>
<td>$4,136</td>
</tr>
</tbody>
</table>

### 5. FTES

#### 2010-11 Actual

<table>
<thead>
<tr>
<th></th>
<th>Credit</th>
<th>Non-Credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>13,239</td>
<td>1,687</td>
<td>14,925</td>
</tr>
<tr>
<td>Non-Credit</td>
<td>1,635</td>
<td>70</td>
<td>2,335</td>
</tr>
<tr>
<td>Total</td>
<td>14,925</td>
<td>1,635</td>
<td>16,560</td>
</tr>
</tbody>
</table>

#### 2011-12 Actual

<table>
<thead>
<tr>
<th></th>
<th>Credit</th>
<th>Non-Credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>12,586</td>
<td>1,690</td>
<td>14,276</td>
</tr>
<tr>
<td>Non-Credit</td>
<td>1,635</td>
<td>63</td>
<td>1,798</td>
</tr>
<tr>
<td>Total</td>
<td>14,276</td>
<td>1,635</td>
<td>16,911</td>
</tr>
</tbody>
</table>

#### 2012-13 Actual

<table>
<thead>
<tr>
<th></th>
<th>Credit</th>
<th>Non-Credit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit</td>
<td>12,300</td>
<td>1,084</td>
<td>13,384</td>
</tr>
<tr>
<td>Non-Credit</td>
<td>1,136</td>
<td>44</td>
<td>1,180</td>
</tr>
<tr>
<td>Total</td>
<td>13,384</td>
<td>1,136</td>
<td>14,520</td>
</tr>
</tbody>
</table>
INFORMATION FOR BOARD BUDGET AND FINANCE COMMITTEE

LOS ANGELES CITY COLLEGE
2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

At the March 19, 2014, meeting of the DBC, the 2nd Quarter Financial Report indicated that LACC was projecting a FY14 deficit of approximately $1,714,357. This projection however, did not reflect any revenue adjustments or any additional unforeseen expenditure increases. As a result of your recommendation to increase funding for the growth over cap target from the reflected rate of $2,324 per full-time equivalent student (FTES) to $4,000, this resulted in a positive revenue adjustment of $479,056 to LACC. However, the college has experienced unforeseen increases in its utility rates and usage, which has resulted in costs that are projected to exceed our budgeted resources by approximately $491,000. With these adjustments, we are projecting a deficit of $1,884,324, which is 3.2% of our FY14 General Fund revenue.

While some of the deficit is the result of utility costs, the majority of this deficit is the result of increased salary costs related to personnel. In an effort to maintain our FTES base and increase enrollment, LACC increased its section offerings to ensure that we would meet these targets. This unfortunately resulted in expenditures which were above what was budgeted for this fiscal year. As a result of this, we are implementing the following actions to ensure that this does not occur again:

- We will offer courses that meet or exceed the classroom minimum of 34 students per section.
- We will eliminate and/or consolidate low enrolled sections.
- We will review our space utilization of college facilities to ensure that we are maximizing efficiency, and reduce costs, by accommodating large class sections when appropriate.
- We will implement additional budget controls to ensure that units do not exceed the maximum of amount of funding allocated.

We also are working on implementing additional revenue and expenditure reduction measures.

- We are increasing our leasing of college facilities during non-peak instructional periods.
- We are looking to increase vendor revenue from food and other related type sales.
- We are reviewing college wide copier needs in order to reduce costs in this area.
- We are reviewing college operational costs for utilities and supplies to see where we can contain costs or generate savings in these areas.
- We will review, eliminate and/or reduce general fund backfill to specially funded programs.

We also will continue our review of existing personnel needs to ensure that we have the appropriate levels and type of staffing necessary to perform needed tasks and duties. This could result in some cost efficiencies or reallocation of costs within the college.
With the above actions, we are confident that we can control and address the causes of this current year issue within the next three fiscal years. We also note that our efforts should result in some level of savings during this period. Given this, the college will plan to repay this deficit, as well as our prior deficit, over the course of the next six fiscal years with our annual repayment amount taken from year end savings generated by the college or from its annual budget allocation.

We also request that if we balance our budget for three consecutive years, meet our base enrollment target, make annual payments pursuant to our stated plan, and pay off at least 50% of the stated deficit, that we be allowed to have the remaining debt waived.

Finally, in order to assist with summer enrollment, the DBC recommended additional funding in FY14 to assist the college with marketing efforts to generate interest in LACC and its programs. The college is planning to use those funds to assist with advertising in local newspapers, on Metro buses, and on the internet; which includes sending Facebook announcements to current students. We are also planning to send outreach staff out to local high schools. It is our hope that these efforts will generate sufficient interest in our programs and our services which will allow us to sustain our current level of FTEs as well as allow us to expand access and grow in various program areas.

Again, we are confident that we can resolve these issues with prudent management and oversight of our budget allocation in the future. Please let me know if you have any questions regarding this.
EAST LOS ANGELES COLLEGE
2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. 2013-14 Financial Projection

   *East LA College projects an ending balance of $13.9 million*

2. Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.

   ELAC – Increase Summer Session I by 4% and offer Summer Session II with approximately 150 sections, which will include non-credit classes (similar to our Summer Escalante Program).

3. If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit

   ELAC – will NOT have a deficit.


   ELAC – ADVERTISING CAMPAIGN --Planning for a very active/strong Advertising/Recruitment Plan, approximately $250,000.
   Planning for an active International Recruitment Program, approximately $150,000.
LOS ANGELES HARBOR COLLEGE
2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. 2013-14 Financial Projection

Harbor College projects a deficit ending balance of $1.014 million

2. Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.

Harbor College will exceed the 3.63% growth target by the end of the Spring 2014 semester. Harbor College will offer summer coursework beginning July 1, 2014. The FTES from the July 1st start classes will be pushed forward into the 2014-2015 academic year. We will use the 2% over cap/$4,000 per FTES to pay for the additional class sections already offered to cover the cost of the 2% growth and we will be using these funds to cover deficits.

3. If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit

Harbor College is currently showing an approximate $1 million deficit. We believe we are moving in the right direction. Harbor College started the 2013-2014 fiscal year with an allocation that fell $1.8 million short of the previous year’s actual expenditures. We are currently working on expense transfers from grants and calculating how much community services revenue we can use to cover deficits. I believe we may be able to significantly reduce the current $1 million deficit. We are also being more strategic with our 2014-2015 schedule of classes. Also, I acknowledge there are ways in which the LACCD’s Colleges can be more efficient – but 8 of the 9 colleges are currently deficit spending in relationship to their allocation and their projected expenses. The attached spreadsheet only shows the colleges’ budgets with the carryover included. If we look at the colleges collective allocation without their ending balances from the previous year that would be approximately $410 million and the colleges’ projected expenditures totals approximately $438 million. It appears the colleges are collectively spending $28 million more than their allocations. That is certainly not sustainable as a District.


Harbor College will be using the marketing and outreach funds to support Harbor Advantage activities. These activities included transportation to bring busloads of high school students to campus for orientation, assessment and education planning, math and English summer boot camps.
LOS ANGELES MISSION COLLEGE

2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. 2013-14 Financial Projection

Mission College projects and ending balance of $199,682, assuming with a $468,000 for 2% above the state funded cap at $4,000 per FTES.

2. Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.

   The college will incur approx. $85,000 summer instructional cost related for summer even though we project to already surpass the FTES we need.

3. If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit.

   The College estimates a noticeable increase in telephone and utilities expenditures, $105,000.


   Transfer of $58,000 regular counselor compensation to SSSP program to later at year end absorb approx. $60,000 cost overrun of D.S.P.S. program.
1. **2013-14 Financial Projection**

   Pierce College projects an ending balance of $6.9 million.

2. **Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.**

   We have scheduled a 111% increase in sections and we are projecting a 111% increase in FTES. We are projecting the portion of summer taking place in June will cost $637,394. The remaining expenses that are part of FY 2015 are projected to be $1,949,889.

   Additional funds from the $4000 per FTES will be used to cover the cost of the summer session taking place in FY 2014. (Handout is attached)

3. **If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit.**

   Pierce College does not have a deficit. Any expenditure above income is covered by the College's ending balance.

4. **Status on your college's marketing, outreach, and recruitment campaign for FY 2013-14 and FY2014-15.**

   We will be marketing the College in two primary ways: Bus Advertising, including area Bus Shelters, Bus Tails and Bus Interiors; and, commercial spots on local cable channels. We have planned to increase our marketing budget by 19% with the possibility of considering additional funding as the year progresses. The budget for High School Outreach and Recruitment has been increased by 45%
1. **2013-14 Financial Projection**

The second quarter projection is accurate. At second quarter, LASC projected a $528,623 deficit. Our current projected deficit, as of the end of March, is $405,943. With the District’s revenue adjustments, the college is projected to end the year with a deficit of $414,799.

2. **Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.**

LASC will offer a small summer session beginning July 1, 2014. We plan to utilize the 2% growth over cap funding that we earned at the end of the spring semester to offset our current year’s projected deficit.

3. **If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit.**

While LASC’s current projection reflects a negative year-end balance, it is expected that the ending balance will be at zero or within the 2% budget tolerance as established by the Fiscal Accountability Measures. However, this projection is subject to any unexpected year-end charges/adjustments such as recalculations from the state, declines in anticipated dedicated revenue, special bookstore charges, etc.

4. **Status on your college’s marketing, outreach, and recruitment campaign for FY 2013-14 and FY2014-15.**

For FY 2013-14, the College spent $69,695 on marketing, outreach and recruitment. This amount was spent on local newspaper ads, radio spots, Metro bus ads, our “Get More From Southwest” Time Warner Cable spot, marketing post-cards, cinema ads, campus posters, emails, and text blasts. Our outreach and recruitment events included High School Senior Day, Beat the Rush, Black College Expo, Church Outreach, Univision Event, A Taste of Soul Event, and a High School Principal/ Counselor Breakfast.

For FY 2014-2015, the College is planning to spend $75,222 on newspaper ads, radio spots, Metro bus ads, marketing post cards, and we plan to continue to run our “Get More From Southwest” Time Warner Cable spot. Additionally, we will continue to do all of the outreach and recruitment events listed above.
MEMORANDUM

To:           Board of Trustees  
            Acting Chancellor Barrera

From:        Laurence Frank, President

SECOND QUARTER PROJECTION

At the end of the second quarter (12/31/13), LATTC projected to end the year with a reserve of almost $150,000.

STATUS OF SUMMER OFFERINGS

LATTC utilized the additional growth dollars funded at $4,000 to add late start classes for Spring 2014 and to schedule a summer session of 2014 that is almost double the number of course offerings as the summer of 2013. There will be two 5-week sessions offered with a bridge 8-week session offered this summer 2014.

<table>
<thead>
<tr>
<th>Credit</th>
<th>Summer 2013</th>
<th></th>
<th>Summer 2014</th>
<th></th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Section#</td>
<td>Hours</td>
<td>FTEF</td>
<td>Section#</td>
<td>Hours</td>
</tr>
<tr>
<td></td>
<td>79</td>
<td>279</td>
<td>46.5</td>
<td>152</td>
<td>499</td>
</tr>
</tbody>
</table>

YEAR-END BALANCE FOR 2013-14

LATTC will end the 2013-14 with a reserve projected at this time of at least $150,000. There has only been one year out of the last decade that Trade had a deficit in 2007-08. Since then Trade has balanced its budget with a reserve each year. The college has implemented reductions as required with a goal of preserving as much instruction as possible. The college Planning & Budget Committee and College Council ensure that the college operates within its budget each year.

MARKETING, OUTREACH, AND RECRUITMENT CAMPAIGN FOR 2013-14 AND 2014-15

LATTC currently spends the majority of its marketing funds on developing video content for the large screens on the corner of Washington and Flower and radio advertising, as well as a little advertising as Sparks games. In the coming year, we plan to invest additional resources in advertising on the metro lines, and on Google. We are also considering advertising in Union Station and movie theatre screens. This will require an additional investment of 50%. Or approximately $50,000.
LOS ANGELES VALLEY COLLEGE
2013-14 COLLEGE FINANCIAL STATUS
As of April 2014

1. 2013-14 Financial Projection

Valley College projects a deficit ending balance of $2.08 million. The projection for the third quarter reflects the deficit reduction from $3.4 million to $2.08 million.

2. Status update on Summer Offerings and how you plan to utilize the 2% growth over cap funding ($4,000 per FTES) such as paying for summer, offer more classes, offset deficit, carryover, etc.

The College projects that offering a Summer session will create an opportunity for the College to capture approximately 247 FTES which will be funded by the District at the new rate of $4,000 per FTES. This would be additional revenue that was not previously represented in the budget. We project this will generate approximately $988,000 in summer and have a total net effect on the College’s budget in the 2013-2014 year of $489,684. This funding will be used to cover the costs related to Summer and help reduce the College’s deficit in the current fiscal year. (NOTE: Summer will be approximately the same size as last year. Assuming the same efficiency it should generate approximately 709 FTES of which approximately 450 FTES will need to be accounted for in 2013-2014 and the remaining 259 in 2014-2015)

3. If your college is projected to end the year with deficit, be prepared to provide plan to cover any projected deficit

The College submitted a five year plan to ECDBC to which resulted in a balanced budget in year number 3. That plan relied on a combination of attrition, increased efficiency, growth funding and reductions in expenditures to achieve the balanced budget. The plan projected that the College would end the 2013-2014 fiscal year with a deficit of approximately $3.4 million. As of the 3rd quarter projections which took into account the District funded FTES Growth and full effect of cost saving measure already put into place LAVC reports that the current year projected ending deficit will be approximately $2.08 million. This means that we are currently on track to meet our goals in the Five Year Plan and still believe with further reductions we will be able to balance our budget by the close of 2016-2017.

Summer 2014:

1. Social Media
   a. Weekly messages on Facebook & Twitter (free)
   b. Announcement on LinkedIn (free)

2. Online Message Boards
   a. Announcement on Sherman Oaks Patch (free)
   b. Announcement on Studio City Patch (free)
   c. Announcement North Hollywood Patch (free)

3. CSUN Advertising
   a. 1 week of Quarter-page ads in Daily Sundial (approximately $1500)

4. UCLA Advertising
   a. 1 week of Quarter-page ads in the Daily Bruin (approximately $2000)

5. High School Advertising
   a. Celebrity High Ad—magazine distributed to local high schools (approximately $3000)

Total advertising cost for summer 2014 would be approximately $6,500. Plans for fall 2014 and winter and spring 2015 and still underway.
Report to the LACCD Board of Trustees
Budget and Finance Committee

April 23, 2014

FY 2013-14 Financial Projection

As of the third quarter, assuming a District-funded allocation of $4,000 per growth FTES up to 2% above the state-funded cap, West LA College projects an ending balance of about $1.02 million at June 30, 2014.

Use of Growth Revenues

Full funding of growth—approximately $235,000 above original “at cost” funding—would supplement the previously budgeted funds to help pay for the following access and success commitments that the college budgeted from its budget reserve/ending balance:

- 93 Summer sections, yielding an estimated 400 FTES, beginning in June 2014
- Additional advertising ($21,000) to counter bus ads by a competing college outside the district
- Filling of a 0.2 academic position, at an annual cost of about $10,000, to coordinate professional development, in anticipation of an accreditation focus on this area
- A Summer Bridge Program to transition incoming students to college study in Fall 2014
- Development of grant and foundation capacity to attract funds that would serve to reduce the college’s reliance on state revenues
- Augmentation of the college’s reserves to boost West’s ending balance for 2013-14 to $1 million or more

Deficit Reduction

While West expects to finish the 2013-14 fiscal year with a positive balance, the additional growth revenue would enable the college to scale back the depletion of its budget reserve and, perhaps, end the year with a positive balance in the $1 million range.

Marketing Activities

To support the college’s growth goals for this year and next year, West in 2013-14 expects to more than double its investment of last year in marketing, advertising and student outreach, from $62,500 to about $135,000. A similar budget is contemplated for 2014-15. We feel this investment will pay off in sustained higher enrollment during the coming years that growth is funded by the state, resulting in increased base workload for the college.
E. LIST OF FORMAL PROCUREMENT ACTIVITIES
April 14, 2014

Memorandum

RE: Upcoming LACCD formal procurement activities

The following is a schedule of the major procurement activities being conducted by the LACCD Contracts and Purchasing Office:

<table>
<thead>
<tr>
<th>Stage:</th>
<th>Anticipated Board Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score in/pre-award:</td>
<td></td>
</tr>
<tr>
<td>• Bond Program Monitor</td>
<td>May 15th, 2014</td>
</tr>
<tr>
<td>• Bond Performance Audit</td>
<td>May 15th, 2014</td>
</tr>
<tr>
<td>Proposals in/awaiting scores:</td>
<td></td>
</tr>
<tr>
<td>• Automated Application System for HR</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>• Employee Assistance Program Administrator</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>Finalizing for issuance:</td>
<td></td>
</tr>
<tr>
<td>• IFB for Monopole at LAMC</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>• Online Student Parking Permit Website</td>
<td>August 6th, 2014</td>
</tr>
<tr>
<td>• IFB for Bulk Pool Chemicals</td>
<td>June 11th, 2014</td>
</tr>
<tr>
<td>In final stages pre-issuance:</td>
<td></td>
</tr>
<tr>
<td>• Collection Agencies for Financial Aid</td>
<td>August 6th, 2014</td>
</tr>
<tr>
<td>• Federal Lobbyist RFQ</td>
<td>July 9th, 2014</td>
</tr>
<tr>
<td>• Workforce Intermediary Services at LASC</td>
<td>August 6th, 2014</td>
</tr>
<tr>
<td>Awaiting information from Department for issuance ASAP:</td>
<td>From Issuance</td>
</tr>
<tr>
<td>• LA H3C Program Consultant</td>
<td>100 days</td>
</tr>
<tr>
<td>• Workers’ Compensation Legal Panel</td>
<td>100 days</td>
</tr>
<tr>
<td>• Bond Financial Audit</td>
<td>100 days</td>
</tr>
<tr>
<td>• Applicant Tracking and Measurement System for Personnel Commission</td>
<td>100 days</td>
</tr>
<tr>
<td>• Enterprise Content Management System</td>
<td>100 days</td>
</tr>
<tr>
<td>• Legal Services Panel (Class 2)</td>
<td>100 days</td>
</tr>
</tbody>
</table>

Scheduled for the month of:
• May:
  o Financial Aid Disbursement and ATM system 100 days
- Elevator Modifications for ESC 100 days
- June:
  - HRA/FSA Administrator 100 days
- July:
  - District-wide Elevator Maintenance 100 days
- August:
  - Central Plant Maintenance at Pierce College 100 days
- September
  - Risk Management Services Broker 100 days
- 4th Quarter 2014 (October – December 2014)
  - District wide food services 100 days
  - District wide Cellular phone contract 100 days
  - Farm at Pierce college 100 days
  - District-wide Bus/shuttle service 100 days
- 1st Quarter 2015 (January – March 2015)
  - District wide Copier purchase and maintenance contract 100 days
  - Student Online Orientation Service 100 days
  - Microfilm devices 100 days