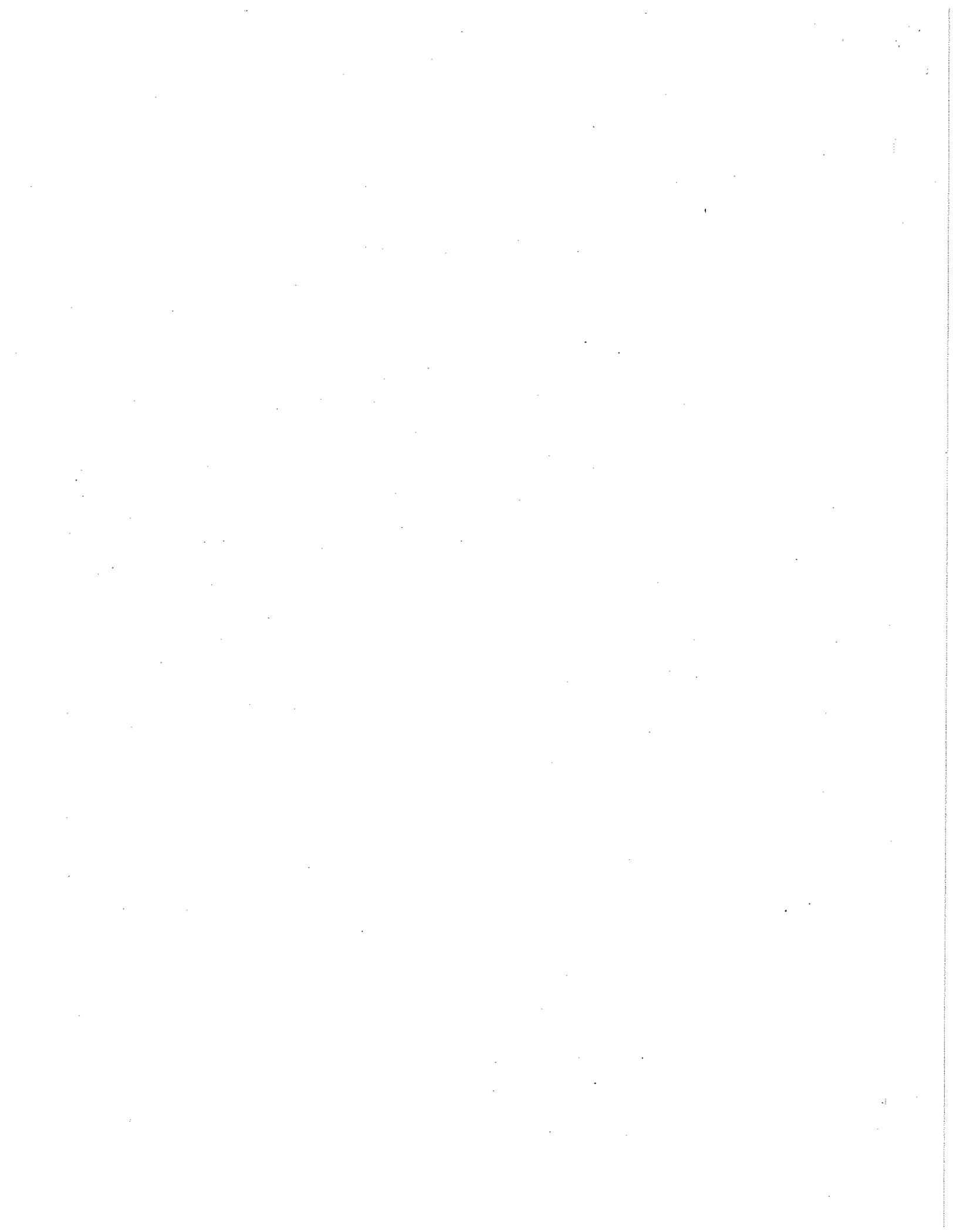


The Peralta Colleges Governing Board  
Audit and Finance Committee  
Chancellor's Conference Room  
333 East 8<sup>th</sup> St., Oakland, California  
14 October 2010  
5:00 to 7:00 PM

1. Review and approve the agenda.
2. Review and approve the minutes for prior meetings.
3. Review the status of the external audit for fiscal year 2010.
4. Discuss the issues involved, strategies and timeline to address all of the recommendations covered by the external audit process for fiscal year 2009.
5. Review and discuss a proposal to conduct a formal workshop for the SMT that would cover the objectives, scope, legal requirements and process of an external audit.
6. Review the status of the fiscal year 2011 budget.
7. Review the status of the recovery plan and the recruitment and hiring of personnel for the finance department.



**Peralta Community College District  
Board Audit and Finance Committee Meeting Minutes  
October 14, 2010**

Present: Trustee Bill Withrow, Chancellor Wise Allen, Connie Willis, Karolyn Van Putten, Joseph Bielanski,  
 Guests: John Murphy, Reginald James, Helene Lecar, Bill Rauch (VTD - phoned in)  
 Facilitators: Vice Chancellor Ronald Gerhard, Heidi White (VTD - phoned in)  
 Absent: Tom Henry

Agenda Item and Presenter(s)	Discussion	Follow-up Action
Meeting Called to Order	5:10 PM	
<b>I. Review and Approve Agenda</b> Trustee Withrow		
<b>II. Review and Approve Minutes</b> Trustee Withrow		
<b>III. Review the Status of the External Audit For Fiscal Year 2010</b>  Heidi White	<p>The 2009-2010 Financial Audit has begun. Vavrinek, Trine, and Day (VTD) were at the District and the colleges in August. They have looked at Federal compliance in terms of Financial Aid and attendance. VTD will be at the District office from October 18, 2010 through October 21, 2010. VTD will also be at the colleges to look at the activities from Bursar's office. Ms. White hopes to have a timeline with the financial report issued before December 31, 2010. In the past, cash reconciliation at the District office was a major issue. Currently, cash reconciliation should be near completion.</p> <p>VTD will follow up on the response from the 2009 audit next week.</p> <p>Per Ms. White, there is no outstanding documentation that is owed to VTD at this time.</p>	
<b>IV. Discuss the Issues Involved, Strategies and Timeline To Address All of the Recommendations Covered By The External Audit Process For Fiscal Year 2009</b> Heidi White and Bill Rauch	<p>Per Bill Rauch, there seems to be significant progress in terms of policy procedures that the District tried to put in place for compliance at all the campuses. There doesn't seem to be any significant findings due to the centralization of services at the District office such as Financial Aid. Judy Cohen, Director of Financial Aid, was hired in early 2010 as the Financial Aid Coordinator and is now at a centralized location where she is able to review files, make sure the campuses are in compliance, maintain files, and disburse funds. Past findings were directed at a particular college. Some issues are related to how students were dropped from the class roster. With the new consolidated format, we should see more consistency in terms of policies and procedures. VTD will evaluate the process of the results from the first census day for the Fall 2010 semester.</p> <p>In response to the audit findings, some instances will be marked implemented while others would say improved or in process.</p> <p>Per Chancellor Allen, we have addressed all the over expenditures that occurred. The District settled with the Department of Finance in</p>	

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	<p>Washington DC and paid off \$637,000 in debt. The original amount was over \$1 million dollars. We are currently on a new page. We have a new SAFE system that is in its second year of operation. Eventually, we will have a seamless and standardized operation.</p> <p>Per Ronald Gerhard, the Finance department is focusing on the significant deficiencies first. We are making progress on all 53 findings but to varying degrees; some are completed while others are being implemented. We will continue to work on SAFE and PeopleSoft. A handout was given of the recovery plan excerpt that is related to the Finance Department. It gives an up-to-date picture of where we are at.</p> <p>A copy will be provided at every Audit meeting.</p>	
<p><b>V. External Audit Workshop Proposal</b> Ronald Gerhard</p>	<p>Phil Hillman came in for an auditing training for the Finance department and business offices. Other managers showed interest, so we will schedule a training for managers district-wide.</p>	
<p><b>VI. Review the Status of the Fiscal Year 2011 Budget</b> Ronald Gerhard</p>	<p>A Financial Activity Calendar was handed out. It lists the financial reporting deadlines and requirements due to the State Chancellor's office according to Education code. The Financial calendar will be posted on the Finance Website. We are current on all the required reports. In October, the 311A had a waiver until October 20<sup>th</sup>. The 311A is an annual community college financial statement and will be presented to the Board at the next Board meeting. The 311Q is a quarterly report and is normally due in February, May, August, and November of each year.</p> <p>Trustee Withrow requested that we get certification from the Finance department to the Chancellor and later to the Board when each document is due.</p> <p>Financial Activity Calendar:</p> <p>July 2010</p> <ul style="list-style-type: none"> <li>• None</li> </ul> <p>August</p> <ul style="list-style-type: none"> <li>• August 15<sup>th</sup> – CCFS-311Q – Quarterly financial status report for the period ending June 30.</li> </ul> <p>September</p> <ul style="list-style-type: none"> <li>• September 15<sup>th</sup> – CCFS-323 – Enrollment fee revenue report for the fiscal year ending June 30.</li> <li>• September 15<sup>th</sup> – Conduct public hearing on proposed final budget</li> <li>• September 15<sup>th</sup> – Final budget adoption</li> </ul> <p>October</p> <ul style="list-style-type: none"> <li>• October 15<sup>th</sup> – CCFS-311A – Annual Financial statement report for the fiscal year ending June 30 (This includes the GANN limit and lottery reports).</li> </ul> <p>November</p> <ul style="list-style-type: none"> <li>• November 15<sup>th</sup> – CCFS-311Q – Quarterly financial status</li> </ul>	

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report for the period ending September

December

- December 31<sup>st</sup> – Annual audit report, including the Contracted District Audit Report

January 2011

- January 15<sup>th</sup> – CCFS 323 – Enrollment fee revenue report.

February

- February 1<sup>st</sup> – Non-Resident Tuition Fee Worksheet
- February 15<sup>th</sup> – CCFS-311Q – Quarterly Financial status report for the period ending December 31.

March

- None

April

- April 15<sup>th</sup> – CCFS 323 – Enrollment fee revenue report

May

- May 15<sup>th</sup> – CCFS-311Q – Quarterly financial status report for the period ending December 31.

June

- June 30<sup>th</sup> – Tentative budget adoption

Status on Fiscal Year 2011 Budget:

Two packets were handed out that show the current projects of where we are at in terms of FY 2011.

- The first column is the budget for FY 2011.
- The second column is the fund number.
  - a) Fund 2 and 3 are fee based classes where PCCD does not report FTES. Students paid for the cost of the class.
  - b) Fund 7 is the Bookstore Commission fund
  - c) Fund 10 is the Civic Center Act (Facility Fee fund). We are looking to hire a professional to get the market rate per geographical location.
  - d) Fund 11 is the General Restricted fund. In the past each categorical program has its own fund, now they are all grouped under Fund 11. Each grant is unique and is tracked via a 4 digit project number. Fund 15 and anything below Fund 30 are residual CARE budgets from last fiscal year and will be transferred into Fund 11.
  - e) Fund 30 is Contract Education
  - f) Fund 59 is Parking Fee fund
  - g) Fund 63 is Measure A fund
  - h) Fund 64 is Measure B fund
  - i) Fund 65 is Measure E fund
  - j) Fund 68 is Child Development fund
  - k) Fund 69 is mixed into Fund 80, a formatting issue, and is our OPEB Reserve fund. The fund itself has \$13 million, but we can only see the \$1.9 million budgeted. We are expected to spend \$1.9 million and keep the remainder balance in reserve.
  - l) Fund 80 is Self Insurance Fund

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- m) Fund 81, 82, and 83 are Student Center fee fund
- n) Fund 89 is Student Financial Aid fund
- Third Column is the object code
- Fourth Column is the budget
- Fifth Column is the PreEncumbrance
- Sixth Column is the Encumbrance
- Seventh Column is the Expense
- Eighth Column is the Remaining Balance

Per Helene Lecar from the Citizen's Bond Oversight Committee, under Proposition 39, expenditures for personnel should be excluded from the bond monies. Trustee Withrow asked to have questions from the Citizens Oversight Committee brought to the Vice Chancellor Gerhard, Vice Chancellor Gerhard will direct all questions to the Bond Council and have something in writing. Chancellor Allen believes that salaries can be paid from bond monies if 99% of the job is related to the bond project. Once the bond monies run out all positions associated with it will be eliminated. That will be included in the job announcement. We have had many Bond Council issues on various items on the use of Measure A funds. Auditors have come in and scrutinized all bond expenditures very carefully. Everything has been sent to the Bond Council in writing.

The Marketing and International Affairs expenditure are grouped under Fund 1. Ms. Lecar and Ms. Karolyn Van Putten would like to see a revenue report for both departments. Vice Chancellor Gerhard can put together a revenue side of the report.

Moving on to the thicker document. This report is for 2010 and was provided for historical reference. It is set up like the thinner document except for the first column is the budget for FY 2010 and the second column is the location.

- Location 1 is the District
- Location 2 is College of Alameda
- Location 5 is Laney College
- Location 6 is Merritt College
- Location 8 is Berkeley City College

On page 2 there are a couple of major changes implemented in the 2011 budget that is different from the 2010 budget.

1. Fund 4 was eliminated.
  - There are 2 major components of Fund 4: benefits and statutory employment taxes. This fund was deficit spent at the District. Looking through the line items and the object codes, the areas there were overspent are employee benefits such as employer contribution to STRS and medical benefits for academic and classified employees. The problem was not knowing that we overspent. The percentage used did not include the statutory requirement. Only a percentage of what we thought was the salary of the employee was used. As a consequence, it ate up our reserve from \$12

Vice Chancellor Gerhard is to ask Vice Chancellor Ikharo from General Services regarding the specific language of Prop. 39.

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	<p style="text-align: center;">million to \$6.7 million. The benefits expense now follows the employees to give a more accurate picture.</p> <p>2. Categorical and Grant programs are now under Fund 11 as explained above.</p>	
<p><b>VII. Status of the Recovery Plan and the on Hiring of Personnel for the Finance Department.</b></p> <p>Ronald Gerhard</p>	<p>There are a total of 4 positions to be filled in the Finance Department. We hope to be fully staffed by the end of November.</p> <ol style="list-style-type: none"> <li>1. Payroll Manager – We extended an offer and are hopeful to have it sent to the next Board meeting for approval.</li> <li>2. Internal Auditor – Conducted first level of interviews.</li> <li>3. Budget Coordinator – Job posting will be closed next week.</li> <li>4. Student Analyst – We extended an offer and are hopeful to have it sent to the next Board meeting for approval.</li> </ol> <p>The PCCD Recovery Plan has been submitted to the State Chancellor's office. Chancellor Allen, Tom Henry, and Vice Chancellor Gerhard will be meeting with State Chancellor Scott next Wednesday, October 20, 2010. PCCD had addressed all the issues that are of concern. Chancellor Allen anticipates the meeting to go well.</p> <p>Trustee Withrow added that it is good that we have a budget coming in within 5%. PCCD had borrowed bond money to solve cash flow problem due to the lack of a state budget earlier this year. There are various legal opinions that it is okay to borrow bond money as long as we pay back interest on the money borrowed plus principal. The borrowed bond money has been paid in full on June 2010. We are waiting for the Bond Council to document it so VTD can release the bond audit report. Trustee Withrow stated he is more comfortable with PCCD getting constitutional advances from the County of Alameda than using bond funds in the future.</p>	
<p>Adjournment:</p>	<p>6:25 PM</p>	
<p>Next meeting:</p>	<p>November 10, 2010</p>	

Minutes taken: Sui Song

Attachments: Recovery Matrix, Financial Activity Calendar,

