

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of May 10, 2011

ITEM # 11

ITEM TITLE: Vavrinek Trine Day & Co., LLP (VTD) Contract Amendment

SPECIFIC BOARD ACTION REQUESTED:

Consider approval to amend the blanket purchase order for Vavrinek Trine Day & Co., LLP (VTD) by \$29,500. The previous contract amount was \$140,000. The new contract amount shall not exceed \$169,500.

ITEM SUMMARY:

Due to the changes in compliance testing for Federal awards and the number of issues related to noncompliance in the past year's audit, the compliance audit of the Federal programs has expanded from four programs/clusters to ten programs/clusters. Therefore, VTD spent additional audit time over and above the original audit proposal for the 2009-2010 fiscal year. We are currently requesting an increase in the audit contract for the 2009-2010 fiscal year to reflect this additional amount of time required for the programs audit.

BACKGROUND/ANALYSIS:

ALTERNATIVES/OPTIONS:

EVALUATION AND RECOMMENDED ACTION:

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

General Fund Unrestricted.

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ NO X

COMMENTS:

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?

DID A BOARD STANDING COMMITTEE RECOMMEND THE ITEM? YES _____ NO X

IF "YES", PLEASE INCLUDE THAT INFORMATION IN YOUR SUMMARY.

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

PLEASE ACQUIRE SIGNATURES IN THIS ORDER:

DOCUMENT PREPARED BY:

Prepared by: 
Ronald P. Gerhard,
Vice Chancellor for Finance and Administration

Date: 5/2/11

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: 
Ronald P. Gerhard,
Vice Chancellor for Finance and Administration

Date: 5/2/11

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: 
Ronald P. Gerhard,
Vice Chancellor for Finance and Administration

Date: 5/2/11

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

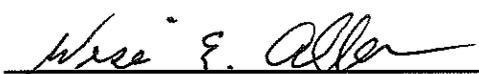
Signature: _____
Thuy T. Nguyen, General Counsel

Date: _____

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda
Place on Agenda

Not Approved, but

Signature: 
Wise Allen, Chancellor

Date: 5/2/11



Vavrinek, Trine, Day & Co., LLP
 Certified Public Accountants

VALUE THE DIFFERENCE

December 1, 2010

Mr. Ron Gerhard
 Vice Chancellor for Finance and Administration
 Peralta Community College District
 333 8th Street
 Oakland, CA 94606

Dear Mr. Gerhard:

As you are aware, the funding received by the Peralta Community College District for categorical program revenues has recently been augmented with Federal American Reinvestment and Recovery Act (ARRA) Funds. The directive from all Federal departments providing these funds has focused on the transparency and accountability of the expenditures with the ARRA dollars and, as a result, has placed these Federal programs at a higher risk with expanded testing.

Additionally, the methodology for calculating the Federal awards to be included within the compliance testing has been changed during the 2010 year to lower the threshold for determining the testing required for a Major Program. This change in the threshold calculation was determined to be necessary due to the high dollars that were being expended for Student Financial Aid grants and creating an issue that not all Federal programs were receiving the additional compliance testing on a regular rotational basis.

As comments and issues of noncompliance have been found within the various Federal program audits in prior years, we are also continuing to include those programs in our audit rather than rotating them out on a three year cycle.

Due to the changes noted above and the number of issues related to noncompliance in the past year's audit, the compliance audit of the Federal programs has expanded from four programs or clusters to ten programs or clusters. The impact to the audit is that it has been necessary to add additional auditors to the engagement to ensure all compliance requirements have been appropriately tested and reported. As a result, we will have incurred an additional \$29,500 in audit time over and above our original audit proposal for the 2009-2010 fiscal year. It is our understanding that the number of programs required to be audited in the future will revert to a more manageable level due to the ability to rotate these programs through a three year cycle for the audit if the programs do not generate compliance findings.

We are currently requesting an increase in the audit contract for the 2009-2010 fiscal year to reflect this additional amount of time required for the program audits. If you agree with this contract augmentation, please sign one copy of this letter and return to my office in the enclosed envelope. We appreciate your attention to this matter. Please let me know if you have any questions.

Very truly yours,

Heidi E. White
 of VAVRINEK, TRINE, DAY & CO., LLP

HEW/kks
 Enclosure
 100401

RESPONSE:

The above addendum to the 2009-2010 audit contract with Vavrinek, Trine, Day & Co., LLP is approved:

Signature

12/22/10
 Date