

## AUDIT & FINANCE COMMITTEE MEETING MINUTES AUGUST 26, 2002

### Present

*Robert Grimm, Mary Mason, Judy Moss, Pat Millar, Kent Peterson, Delia Ybarra*

### Absent

*none*

### Others

*John Assunto, Kathy Blackwood, Mike Brandy, Leo Chavez, Will Coursey, Jennifer Farnham, Alan Harvey, Ken Horowitz, Martha Kanter, Jim Keller, Jon O'Bergh, Hector Quinonez, John Schulze, Marisa Spatafore, Tonette Torres, Claudette Weber*

### 1. PUBLIC HEARING

Chancellor Leo Chavez announced the upcoming retirement of Foundation Executive Director Carole Cassidy and departure of Vice Chancellor of Business Services Jim Keller.

### 2. APPROVAL OF MINUTES

The minutes of the June 3, 2002 meeting were approved.

### 3. MEASURE E PROJECTS REPORT

Director of Facilities, Operations and Construction Management John Schulze reviewed developments concerning Measure E projects, pointing out that 26 projects are underway and construction activity is expected to be intense over the next three years. Despite numerous small problems that are being addressed — such as minor budget issues, scheduling issues and arrangement details with consultants — the projects are going well. \$10 million in interest have accumulated but have not yet been distributed pending determination of an appropriate amount to charge back to projects for overhead.

Bob Grimm asked about any legal requirements involved in charging back overhead, and Keller responded that certain categories are allowed to be charged, but no limit is set on amounts. Grimm suggested that the Board recommend how staff should approach the matter. Keller clarified that direct costs are charged to Measure E, which includes staff costs for positions that focus solely on Measure E but not, for example, the cost of his own time dealing with Measure E issues.

Construction Program Manager Claudette Weber reviewed the Measure E Report, pointing out that a budget deficit of \$1.5 million was projected for Foothill Project #142, "The Bricks." The deficit is due to additional undiscovered site conditions, a change proposal that is in dispute, and a change in architectural firms handling these smaller remodel projects. Kent Peterson asked about -\$72,000 for Foothill overhead, and Weber said an analysis will be presented at the next meeting. Lastly, Grimm distributed information he prepared which examines Measure E progress.

**4. PRESENTATION OF 2002-03 BUDGET**

Keller reported that the state has not yet approved a budget, so many uncertainties remain. He reviewed changes between the Tentative Budget and the Adopted Budget. Grimm asked about replacement reserves for items like roof repairs and boilers, and Schulze answered that those costs are included in scheduled maintenance. Instructor Ken Horowitz addressed the Committee on the budget.

**5. UPDATE ON 2001-02 AUDIT**

Internal Auditor Will Coursey provided an update on the upcoming audit, noting that new audit reporting standards will need to be factored into the report, which may delay the audit beyond the traditional presentation at the December Board meeting. Keller explained that the new fixed asset requirement will cause audit costs to increase by an unknown amount each year.

**6. NEXT MEETING**

The next meeting was scheduled for November 18, with the intention that the Draft Audit will be ready to present to the Committee.

***CALENDAR OF PENDING ITEMS***

2001-02 Audit Report (Coursey) .....	November 18, 2002
Measure E Projects Report (Schulze) .....	November 18, 2002

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Approved 11/18/02