

AUDIT & FINANCE COMMITTEE MEETING MINUTES JUNE 6, 2000

Present

Robert Grimm, Sandy Hay, Mary Mason, Pat Millar, Delia Ybarra

Absent

Kent Peterson

Others

Mike Brandy, Leo Chavez, Will Coursey, Martha Kanter, Jim Keller, Faith Milonas, Jon O'Bergh, Hector Quinonez

1. APPROVAL OF MINUTES

The minutes of the November 15, 1999 meeting were approved.

2. UPDATE ON 1998-99 AUDIT FINDINGS

Will Coursey discussed the audit calendar for the 1999-2000 audit and reviewed the status of 1998-99 audit findings, all of which have been implemented except one pending the return of an employee. Mary Mason commented on how nice it was to see cash receipts solutions implemented which have been a major element in previous audits. Leo Chavez added that employee training and spot checks have been occurring to ensure that correct cash handling is done throughout the district. Regarding grants, Jim Keller mentioned that an independent firm calculated the district's indirect cost rate at 34%, which is higher than previously estimated.

3. UPDATE ON COORDINATED PLAN FOR COLLEGE BOOKSTORES

Leo Chavez distributed an article from "Connections" concerning the unification of the bookstores, and provided an update. He noted that audit issues have been addressed, such as a single cash register system and unified audit process, but some issues remain. One of the positive developments is that the Foothill Bookstore will not have a deficit this year.

Sandy Hay asked how the district could justify profits when students bear the cost. It was explained that these profits, or retained earnings, go back to campus operations in ways that benefit students. Book prices are competitive with or cheaper than other local and on-line sources, which students confirmed with their own survey at De Anza. In any event, the profits are generated more by sundry purchases than textbooks. A process is in place to constantly review the operational philosophy of the bookstores and textbook pricing to ensure a balance between self-sufficiency and keeping retained earnings low.

4 UPDATE ON MEASURE E PROJECT

Delia Ybarra asked a number of questions about the Gilbane contract. It was explained that, although it is a national firm headquartered in Rhode Island, the district deals with the local San Francisco office. The district interviewed the firm about minority outreach and hiring practices to ensure their sensitivity to this matter and was pleased with their response. They also have an extensive local outreach effort to local contractors and subcontractors. Leo Chavez explained that, while the public bid process restricts the district from awarding bids based on such criteria, there are other things that can be done to support opportunities for local firms and the community.

Bob Grimm and Pat Millar emphasized that master planning and prioritization information is needed for the Audit & Finance Committee to track how Measure E funds and projects are implemented. This will be provided at the next meeting along with a presentation by John Schulze and the Gilbane Company. Grimm and Millar also urged a combination of public notices, updates mailed to the community, and press releases to regularly keep the public informed.

5. UPDATE ON BUDGET

Jim Keller distributed and reviewed the tentative budget for 2000-01. Pat Millar inquired about problems stemming from the on-going deficit, De Anza parking garage fund and Foothill Child Care program. She also asked about the penalty for falling below the full-time/part-time ratio. Keller explained that the deficit gap occurs between ongoing revenue and ongoing expenditures, which the district has been able to close each year with one-time funds. Leo Chavez explained that the district was moving to unify the two campus Child Care programs and build a new center at Foothill with increased capacity, which should help resolve the most pressing problems. Mike Brandy explained that problems for the parking fund arise when COLA increases expenditures but parking fees do not increase concomitantly; this year the fund should break even. Lastly, Keller explained that the faculty ratio penalty turned out to be \$250,000 for 5 FTEs, substantially less than expected. High local housing costs have caused a number of faculty to turn down job offers, complicating efforts to fill vacancies.

6. BOARD POLICY #9123: AUDIT AND FINANCE COMMITTEE

The revised policy was reviewed. Changes that clarify the committee’s role were noted.

7. NEXT MEETING

The next meeting was scheduled for August 14.

CALENDAR OF PENDING ITEMS

Measure E Project..... August 14, 2000