

AUDIT & FINANCE COMMITTEE MEETING MINUTES JUNE 9, 1997

Present

Robert Grimm, Judith Moss, Kent Peterson, Dolores Sandoval

Absent

none

Others

Mike Brandy, Catherine Bauknight, Leo Chavez, Will Coursey, Bernadine Fong, Ron Galatolo, Martha Kanter, Jim Keller, Tom Perry-Smith

1. APPROVAL OF MINUTES

Minutes of April 7, 1997 were approved.

2. CHANCELLOR'S RESPONSE TO CURRENT AND PRIOR YEAR AUDIT FINDINGS

Leo Chavez pointed out that every finding has received a response, either by implementing or by not concurring. It was agreed that a coding system is needed to provide the reason for each "do not concur" or "not implemented." Kent Peterson asked if any major disagreements existed between the auditors and district management, and Tom Perry-Smith answered no. Galatolo noted that for finding #16, Inventory Cut-Off for Foothill Bookstore, "do not concur" is not a pertinent response, so he will look at it again. Judy Moss asked that all clarifications and changes be made before the document is presented to the Board.

3. ROLE OF THE AUDIT & FINANCE COMMITTEE

Role of Audit & Finance Committee. No comments or changes were made concerning the role as originally approved by the Board.

Operational Audits. The issue of whether management's operational audits should be shared with the Audit & Finance Committee was discussed. Bob Grimm and Kent Peterson were primarily concerned that audit results be addressed at some level such as the chancellor. Judy Moss agreed that these are an internal management function. Will Coursey assured the Committee that he would alert the Board if something improper or illegal was discovered. Leo Chavez was asked to write a memo to the Board from the Audit & Finance Committee recommending that operational audits need not be seen by the Committee unless something of material significance is involved.

To provide closure, Judy Moss asked that the Board be given a report on the bookstore and other operational audits that the Board has already asked to see. In particular, Bob Grimm's request to identify the goals of the De Anza Bookstore should be addressed. Grimm would also like the district to institute goals for other enterprises such as Food Service and Facilities Rentals.

Role of Internal Auditor. The currently operative job description for the internal auditor was discussed. Chavez noted that it does not contain a description of the deliberately independent nature of the position, reporting both to the chancellor and the Board. For the next meeting, Chavez will ensure that the job description has the district's official imprimatur and will draft

a “memorandum of understanding” that delineates the internal auditor’s independence and responsibility to report significant findings to the Board when there is disagreement between the auditor and the chancellor. That memo will be reviewed at the next Committee meeting, and once accepted will be presented to the Board as a recommendation of the Committee. Grimm wondered if the district is more complex than it needs to be, and whether there are many “sacred cows.”

4. PROCESS, PROCEDURE AND TIMELINE FOR SELECTING AUDIT FIRMS

Moss and Peterson believe this issue should automatically be discussed every 5 years. The Committee discussed process and procedure, opting not to make a decision today, but agreeing to make a decision prior to November.

5. TENTATIVE BUDGET 1997-98

Jim Keller gave an overview of the tentative budget.

6. QUESTIONS AND COMMENTS

There were none.

7. NEXT MEETING DATE

The next meeting was set for September 8 at 4:00 p.m.

CALENDAR OF PENDING ITEMS

Internal Auditor Job Description (<i>Chavez</i>).....	September 8, 1997
Process and Procedure for Selecting Audit Firm.....	September 8, 1997

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Approved 9/8/97