

AUDIT & FINANCE COMMITTEE MEETING MINUTES SEPTEMBER 8, 1997

Present

Robert Grimm, Judith Moss, Kent Peterson, Dolores Sandoval

Absent

none

Others

Mike Brandy, Leo Chavez, Will Coursey, Vicky Creighton, Bernadine Fong, Ron Galatolo, Barbara Gross, Martha Kanter, Jim Keller, Jon O'Bergh, Tom Perry-Smith

1. APPROVAL OF MINUTES

Minutes of the June 9 meeting were approved.

2. UPDATE ON AUDIT OF FISCAL YEAR 1996-97

Tom Perry-Smith of Perry-Smith & Company introduced members of his staff and gave an overview of the current audit. Judy Moss asked about the status of a previous audit finding concerning Foothill Bookstore Inventory Cut-Off. Ron Galatolo explained that the issue had been settled and promised to modify the district's response accordingly. Martha Kanter explained that a coordinated business plan for both college bookstores is being developed and will be presented to the Audit & Finance Committee in the coming months. The Audit & Finance Committee recognized the importance of operational plans in other enterprise areas and asked the chancellor to bring those forward once a philosophical discussion of the appropriate district role in each operation has occurred.

3. UPDATE ON DISTRICT BUDGET

Jim Keller presented an overview of the district budget. Judy Moss suggested that the Audit & Finance Committee meet jointly with the Board for next year's budget presentation so the presentation doesn't need to be given twice. She also suggested establishing a sinking fund to accrue dollars to fund future maintenance projects; however, Leo Chavez admonished that such funds typically become attractive to collective bargaining groups as a potential source to fund salary increases. Bob Grimm observed that the district charges an average cost that is less for non-residents than residents. Moss offered that the Board should discuss this issue before the non-resident tuition fees are set February 1.

4. AFFIRMATION OF SELECTION OF DISTRICT AUDIT FIRM

The Audit & Finance Committee supported administration's proposal to rehire Perry-Smith & Company as the external audit firm. The contract will be established for 3 years to support the Committee's philosophy that audit firms should be changed periodically.

5. INTERNAL AUDITOR JOB DESCRIPTION

The Audit & Finance Committee endorsed the Memorandum of Understanding language concerning disagreements between the chancellor and internal auditor. To limit the number

of different documents conveying the message, the MOU will not be issued but the language will be incorporated into Board Policy 9131 and the internal auditor job description. Grimm suggested that the coordination of external auditing should be stated explicitly rather than by implication under job duties #1. Moss pointed out that no reporting relationship is mentioned in the job description. A corrected job description and Board Policy 9131 will be presented at the next meeting.

6. UPDATE ON FOOTHILL FOOD SERVICES

Keller reviewed changes occurring in the operation of Food Services at Foothill and the contracting arrangement with food service providers.

7. INVENTORY ANALYSIS

Jim Keller explained how a proposed inventory analysis, which would be used as a benchmark to establish the cost of maintaining facilities over time, differs from a fixed asset inventory intended to track assets. It was agreed that the proposed inventory analysis may reveal a need to address an issue by making structural changes related to the budget, an area in which the Audit & Finance Committee's input would be helpful. The report will be shared with the Committee once completed.

8. QUESTIONS AND COMMENTS

There were none.

9. NEXT MEETING

The next meeting was set for Monday, November 17 at 4:30 p.m.

CALENDAR OF PENDING ITEMS

Audit of FY 1996-97.....	November 17, 1997
Revised Internal Auditor Job Description / Board Policy #9131.....	November 17, 1997
Coordinated Business Plan for College Bookstores.....	Winter 1998

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Approved 11/17/97