



**Foothill-De Anza  
Community College District**

12345 El Monte Road, Los Altos Hills, CA 94022 650-949-6200

**AUDIT AND FINANCE COMMITTEE MEETING  
DRAFT MINUTES**

SEPTEMBER 8, 2011

**PRESENT:** Betsy Bechtel (chairperson), Joan Barram, Dexter Dawes, Joel Spolin, Jim Sandstrom

**OTHERS:** Charles Allen, Letha Jeanpierre, Kevin McElroy, Margaret Michaelis, Judy Miner, Hector Quinonez, Bernata Slater, Linda Thor, Tonette Torres, Shirley Treanor, Terri Montgomery of Vavrinek, Trine, Day, & Co., LLP

**CALL TO ORDER**

Betsy Bechtel called the meeting to order at 3pm.

**1. Public Hearing**

There were no members of the public who wished to address the committee on items not on the agenda.

**2. Approval of Minutes**

Approve the minutes of the June 2, 2011 minutes. M/S/C (Dawes/Sandstrom).

**Consent Calendar**

**3. Measure E Projects Report**

**4. Measure C Projects Report**

**5. Performance Audit – Management’s Response – Foothill College Cashiering Services/Petty Cash**

**Items 3 through 5 were accepted as submitted M/S/C (Dawes/Sandstrom).**

**Committee Business**

**6. Audit Update**

Kevin McElroy introduced Terri Montgomery of Vavrinek, Trine, Day & Co., LLP, who represents the recently selected auditing firm for the District. Terri Montgomery explained the federal

compliance standards and discussed the two weeks worth of work undertaken by Vavrinek, Trine, Day & Co. This work was completed in June and helped familiarize the firm with how the District operates, along with making certain that compliance standards were being met. Montgomery explained the auditing of TBA hours and the complications with reporting how these hours are reported to the state.

Terri Montgomery further explained the next steps in the auditing process, including the inquiry into concurrent enrollment, and the laws pertaining to enrollment in the California Ed code.

## **7. Update on 2011-12 Budget**

Kevin McElroy introduced Bernata Slater and thanked her for the hard work her and her team do for the budget process. Bernata Slater explained the importance of the Stability Fund and how the District will plan to use some of that fund in the 2012-13 Budget development. After a question from Joel Spolin about the Stability Fund, it was explained that expenses were going down, instead of revenue going up. The Stability Fund is planned to have 4 million dollars left over for 2012-13, but that money may be used in 2011-12 to fill in for a deficit if mid-year cuts are triggered by the state.

Bernata Slater explained the General Fund spreadsheet and how fund balances are distributed and how they are dependent on carry over from previous years. Further explanation was given about revenue assumptions in 2012-13. It is difficult to know what will happen in the coming years, but all signs point to more budget shortfalls.

## **8. Performance Audit – Management’s Response; District Procurement Card**

Kevin McElroy introduced the Procard Audit, explaining that all of the suggested items in the audit report would be implemented over a set timeline. New controls will be put into place that will run with a regulated level of control and oversight.

When the auditors return in Spring 2012, all off the issues to do with the automated system will have been worked out. Joan Barram asked about the cost savings analysis that is mentioned in the report, and Kevin McElroy stated that this will take place before December 2011.

Betsy Bechtel was pleased to see a level of concern with this program, but questioned if there was sufficient staff to address all of these concerns. Kevin McElroy assured that there were sufficient resources to run this program, and the cost savings analysis will most likely show the savings are worth the program.

## **9. TRAN Status Update**

Quick update from Kevin McElroy about the borrowing of 10 million dollars during June 2011, which was approved by the Board of Trustees. This borrowing addressed the potential cash flow issues for the District.

**The next meeting to be held at 3pm on December 1, 2011.**

