



Board of Trustees

LOS ANGELES COMMUNITY COLLEGE DISTRICT
770 Wilshire Boulevard, Los Angeles, CA 90017 213/891-2000

AGENDA

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
BUDGET & FINANCE COMMITTEE
Educational Services Center
Board Room – First Floor
770 Wilshire Boulevard
Los Angeles, CA 90017
Wednesday, May 24, 2017
3:00 p.m. – 4:30 p.m.**

Committee Members
Ernest H. Moreno, Chair
Mike Fong, Vice Chair
Andra Hoffman, Member
Scott J. Svonkin, Board Alternate
Robert B. Miller, Staff Liaison
Jeanette L. Gordon, Staff Liaison
Kathleen F. Burke, College President Liaison
Otto W. K. Lee, College President Liaison Alternate

Agenda

(Items may be taken out of order)

- I. ROLL CALL
- II. PUBLIC SPEAKERS*
- III. REPORTS/RECOMMENDATIONS/ACTION
 - A. Human Resources Internal Audit Report Review (Continued)
 - B. Update on SIS/Cyber
 - C. Third Quarter Financial Report/Year End Balance Projection
 - D. 2017-2018 Tentative Budget
 - E. Enrollment Update
- IV. FUTURE DISCUSSION/AGENDA ITEMS
- V. FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES
 - June 21, 2017
- VI. NEW BUSINESS
- VII. SUMMARY – NEXT MEETINGErnest H. Moreno
- VIII. ADJOURNMENT

*Members of the public are allotted three minutes time to address the agenda issues.

If requested, the agenda shall be made available in appropriate alternate formats to persons with a disability, as required by Section 202 of the American with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, for whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting. To make such a request, please contact the Executive Secretary to the Board of Trustees at 213/891-2044 no later than 12 p.m. (noon) on the Tuesday prior to the committee meeting.



AGENDA

BUDGET AND FINANCE COMMITTEE MEETING

MAY 24, 2017

A. Human Resources Internal Audit Report Review



PRESENTATION TO THE BUDGET AND FINANCE COMMITTEE
 THE HUMAN RESOURCES DIVISION
 APRIL 12, 2017

The following report is presented to the Budget and Finance Committee to provide an update on the corrective action plan taken by the Human Resources Division (HRD) in response to the recommendations identified by the Internal Audit Department.

Finding #1 Disqualification notification letter not sent to all responsible employees. Corrective Action: Disqualification notification has been revised for transmission to: Candidate, Division VP (AA or SS as appropriate), Dean, Department Chair, SPOC, DAS Equivalency Coordinator, Location AS Chair. All responsible employees are now included in the notification.	Completed	In Progress	Comments:
	X	<input type="checkbox"/>	

Finding #2 Personnel files missing documents. Corrective Action: Policy has been changed per Chancellor's written directive to require all new hire paperwork in the HRD prior to commencing employment. This will ensure all documents pertaining to the personnel file are received and reviewed by the HRD prior to employment.	Completed	In Progress	Comments:
	X	<input type="checkbox"/>	

Finding #3 Documents required for new hires were missing one or more required documents. Corrective Action: Policy has been changed per Chancellor's written directive. All new hire paperwork will be required in the HRD prior to commencing employment. No employee shall be allowed to work until all paperwork is received and verified by the HRD.	Completed	In Progress	Comments:
	X	<input type="checkbox"/>	



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<p>Finding # 4 Lack of documentation validating completeness of probationary evaluations.</p> <p>Corrective Action: The HRD has developed guidelines that require probationary evaluations to be completed in a timely manner and at the appropriate intervals. The guidelines require notification to EER when an employee will be terminated during his/her probationary period. Furthermore, the HRD has directed that all evaluations be submitted electronically to the division using the following email: Evaluation@email.laccd.edu. This will ensure proper tracking of evaluations.</p>	Completed	In Progress	<p>Comments:</p>
	X	<input type="checkbox"/>	

<p>Finding # 5 Lack of documentation validating that employee exit process was completed.</p> <p>Corrective Action: The HRD developed a process and form to track the "exit process" for colleges to follow when employees separate from the district. The HRD is currently working on the implementation at the colleges.</p>	Completed	In Progress	<p>Comments: The HRD is currently reviewing the form and process to ensure it meets the required elements of an exit process.</p>
	<input type="checkbox"/>	X	

<p>Finding # 6 Lack of documents to validate fingerprinting and FBI screening for employees.</p> <p>Corrective Action: All live scan records are filed and maintained by EER for employees who currently work for LACCD and those who have separated. An approval process has been established to review candidates with convictions, which includes approval by the Vice Chancellor of Human Resources. The same process is followed for employees with subsequent arrests.</p>	Completed	In Progress	<p>Comments:</p>
	X	<input type="checkbox"/>	



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<p>Finding # 7 Academic minimum qualifications not performed timely.</p> <p>Corrective Action: Policy has been changed per the Chancellor’s written directive enforcing requirements for MQ clearance and assignment prior to commencing work. Additional resources are being considered for the unit to ensure MQs are processed timely.</p>	Completed	In Progress	Comments:
	X	<input type="checkbox"/>	
<p>Finding # 8 New hires start work prior to approval of Personnel Change Request (PCR).</p> <p>Corrective Action: Policy has been changed per the Chancellor’s written directive enforcing requirement for full clearance by the HRD prior to work commencing.</p>	Completed	In Progress	Comments:
	X	<input type="checkbox"/>	
<p>Finding # 9 The required documents to establish dependent coverage was not provided for review.</p> <p>Corrective Action: A process which includes a check list has been developed to verify all required documentation is submitted before implementing health benefits. A file review/self-audit process has been developed and conducted on weekly basis. In addition, a segregation of duties process has been implemented.</p>	Completed	In Progress	Comments:
	X	<input type="checkbox"/>	
<p>Finding #10 I-9 information was not provided.</p> <p>Corrective Action: Policy has been changed per the Chancellor’s directive enforcing requirement to receive I-9 clearance prior to commencing work. I-9 must be received by the HRD and will be maintained as part of the personnel file.</p>	Completed	In Progress	Comments:
	X	<input type="checkbox"/>	



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<p>Finding # 11 Employees' tuberculosis examinations not present and/or updated as required.</p> <p>Corrective Action: Policy has been changed per the Chancellor's written directive enforcing requirement for TB clearance prior to commencing work (assignment). Changes in state law will enable the HRD to update the majority of TBs by allowing employees to submit risk assessment forms.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>
<p>Finding #12 Teaching after denial of minimum qualification.</p> <p>Corrective Action: Policy has been changed per the Chancellor's written directive enforcing requirement for MQ clearance and assignment prior, combined with larger notification pool for denials and mid-semester audit of denied employees to ensure assignment termination.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>
<p>Finding # 13 I-9 information is not verified timely.</p> <p>Corrective Action: Policy has been changed per the Chancellor's written directive enforcing requirement for I-9 clearance prior to commencing work (assignment). All I-9s will be verified prior to employment.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>
<p>Finding # 14 Committee access in HR PeopleAdmin not deactivated after position/job process is completed.</p> <p>Corrective Action: Transition from PeopleAdmin to CornerstoneOnDemand (CSOD) in July 2016. CSOD configuration limits access to applicant information to that period during which recruitment is open for application and application review. Access for reviewers is limited to specific announcements through permissions, and requisition creators have access to worksite information only.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>



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<p>Finding # 15 Lack of safeguarding of employees official personnel files.</p> <p>Corrective Action: Files have been properly secured in their physical location. The personnel file room remains locked at all times. The number of keys to access the file room have been limited to supervisors in the division. Keys must be checked out and returned to the respective supervisor.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>
<p>Finding # 16 Access is granted to employees for review of their personnel files without proper validation of employee's identification.</p> <p>Corrective Action: A process has been developed for employees to request review of their personnel file. This includes verification of employee's identification prior to review.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>
<p>Finding # 17 Passwords to the Department of Justice Live Scan system not changed when change in personnel.</p> <p>Corrective Action: Process has been developed to delete passwords when there are changes in personnel.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>
<p>Finding # 18 The ESC does not maintain a centralized check mailing address as the health benefits unit is receiving checks.</p> <p>Corrective Action: The Health Benefits Unit no longer receives checks. Notices were sent to all Benefit payers to send all payments to Accounting Office, at ESC.</p>	<p>Completed</p> <p>X</p>	<p>In Progress</p> <p><input type="checkbox"/></p>	<p>Comments:</p>



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<p>Finding # 19 There is no segregation of duties in regards to authorizing benefits for employees and departments.</p> <p>Corrective Action: A process has been developed to segregate functions. The Health Benefits Unit Supervisor receives benefit applications, verifies eligibility in SAP, then assigns Health Benefits Unit staff to enter benefits.</p>	Completed	In Progress	
<p>Finding #20 HRD does not have a process in place to initiate the removal of adverse materials from the personnel files for academic employees.</p> <p>Corrective Action: Adverse materials are kept in personnel files. They may be removed at the request of the employee. However, per statute, adverse materials are not used in disciplinary cases after four years for academic employees and two years for classified.</p>	Completed	In Progress	<p>Comments: The process will be discussed with union leadership as some CBAs currently allow for removal of material.</p>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	



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BUDGET AND FINANCE COMMITTEE MEETING

MAY 24, 2017

C. 3rd Quarter Financial Report/Year End Balance Projection



LOS ANGELES COMMUNITY COLLEGE DISTRICT

2016-17 Third Quarter Financial Status Report

Budget and Finance Committee May 24, 2017

Projected Ending Balance

Projected Revenue	\$634.5 million
Projected Expenditures	<u>\$661.7 million</u>
Projected Revenue vs Expenditures	\$ -27.2 million
Balances Carried Forward for 2016-17	\$134.4 million
Adjustment to Beg Bal	<u>\$ 1.8 million</u>
Projected Ending Balance	\$109.0 million
Percent of Projected Expenditures	16.5%

Projected Reserves

General Reserve (6.5%)	41,357,419
Contingency Reserve (3.5%)	15,331,349
Deferred Maintenance	0
Balances/Open Orders	19,093,829
STRS/PERS Reserve	<u>33,223,678</u>
Total Projected Reserves as of June 30, 2017	109,006,275

FTEs

- 2016-17 Funded Base = 107,601
- 2016-17 Budget Year Target = 109,753
 - Planned Growth Target = 2.0% (\$10.7 million)
 - State Funded Enrollment Growth = 2.0%



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BUDGET AND FINANCE COMMITTEE MEETING

MAY 24, 2017

D. 2017-18 Tentative Budget

Los Angeles Community College District
Budget and Finance Committee

2017-2018
Proposed Tentative Budget

May 24, 2017

Budget Planning Priorities

- Set Enrollment Growth Target for FY 2017-18 = (1% funded growth + 1% over-cap ?)
- Meet Full Time Faculty Obligation (FON) for Fall 2017
- Address Increases in STRS and PERS Contribution
- Ensure funding is adequately provided for facilities maintenance, instructional Support and other operation needs
- Maintain a minimum of 10% reserves

Impact on LACCD Based on Governor's May Revise

Unrestricted General Fund (for General Operations):

- \$9.2 million (1.56%) COLA
- Funded Growth Revenue (1%) \$5.5 million (not distributed to colleges until earned)
- \$17.4 million in base augmentation funding for support of district general operating expenses

Restricted General Fund:

- \$12.8 million for Guided Pathways (if allocated on per FTES basis)
- \$4.4 million for energy efficiency projects (Prop 39)
- \$900,000 in Scheduled Maintenance & Instructional Equip (LACCD balance of \$11.9 million will not distributed until 2018-19)

Budget Planning Assumptions

➤ Based on Governor's May Revise

➤ Revenue Assumptions:

- COLA of \$9,200,000
- Base Increase of \$17,400,000
- Funded Enrollment Growth – 1% (\$5.5 million, not distributed to Colleges until earned)

=> Assumes a 1% funded enrollment growth planning:

2016-17 Estimated funded base FTES = 107,601

+ 1% enrollment growth = 1,076

Projected FTES Needs = 108,677

- Maintain a 6.5% General Reserve and a 3.5% Contingency Reserve
- No distribution of the projected balances until year end

2017-18 Allocation Assumptions

- Total General Fund Unrestricted Budget Allocations – \$765.2 million
- College Allocations - \$518.9 million; a \$86.6 million of the EPA fund distribution, \$9.2 million in COLA and a \$17.4 million increase in base augmentation
- Centralized Services Accounts are budgeted at \$82 million
- Educational Services Center (\$27.6 million) and Information Technology (\$11.6 million) Allocations
- Contingency Reserve (3.5%) - \$23.0 million
- General Reserve (6.5%) - \$42.6 million
- Deferred Maintenance Reserve (2.0%) - \$13.1 million
- STRS/PERS Reserve - \$26.9 million
- Projected location ending balance = \$19.1 million. No distribution of the projected balances until year end