

June 8, 2005

Mark Drummond, Chancellor
California Community Colleges
1102 Q Street
Sacramento, California 95814-6511

Dear Chancellor Drummond,

Enclosed is the Fiscal Crisis and Management Assistance Team's assessment of the Compton Community College District's status/progress with respect to the report issued by our office on October 15, 2004. California Education Code Section 84040 requires the Board of Governors of the California Community College to adopt criteria and standards for periodic assessment of the fiscal condition of community college districts. The College Finance and Facilities Planning Division of the State Chancellor's Office is charged with fiscal oversight responsibilities. A study team from the Fiscal Crisis and Management Assistance Team (FCMAT) visited the district over several days in late May 2005.

The district has made significant gains in a number of operational areas, including governance, human resources, student services, the police department, facilities and technology systems. However, much work remains to be done for the district to maintain its financial solvency and establish the required reserve levels for economic uncertainties. Many staff in the Business Office lack appropriate training in their specific areas of responsibility. Basic accounting procedures, including maintaining the general ledger, are not correctly performed. This also is evident in the district's technology systems. While student services systems are greatly improved, the Business Office has been unable to fully implement and correctly use financial software from the Los Angeles County Office of Education.

The State Administrator assigned to the district has procured key personnel and consultants who have implemented many positive changes for the district in their respective areas of expertise. In order for the district to continue toward recovery, the recommended changes need to become institutionalized and the fiscal challenges need to be met.

The district is also currently faced with two areas of pressing concern. The first is the need for stable leadership in the district. Both the State Trustee and the interim College President will be leaving the district in summer 2005. The Governing Board will need to fill the College President's position with a qualified candidate as soon as possible. An interim President may need to be appointed until the recruitment and selection process is completed. A new State Trustee also will need to be appointed.

The second is the need for the Compton Community College to maintain its accreditation and continue to serve the students of the Compton community. The latest accreditation review has identified a number of criteria to be met for the district to maintain accreditation, including addressing the recommendations of the FCMAT October 2004 report. The college must seriously address the concerns of the accreditation review to maintain its accreditation.

FCMAT would like to thank you for the opportunity to be of service to the California Community Colleges and the Compton Community College District. We hope you will find this progress assessment useful in your work with the district.

Sincerely,

A handwritten signature in black ink, appearing to read "Joel D. Montero". The signature is fluid and cursive, with a large initial "J" and "M".

Joel D. Montero
Deputy Executive Officer

Background

On May 7, 2004, Mark Drummond, Chancellor, California Community Colleges, requested Dr. Darline Robles, Los Angeles County Superintendent of Schools, to assign the FCMAT to conduct a fiscal health analysis of the Compton Community College District. In addition, the Chancellor asked that FCMAT conduct an extraordinary audit of specific matters pertaining to the management of the college's resources. Under the authority of California Education Code Section 1240, FCMAT was assigned to perform this fiscal health and extraordinary audit study.

The work of FCMAT was defined as follows:

1. Conduct a fiscal health analysis of the district.
2. Perform an extraordinary audit related to alleged illegal practices, fraud and misappropriation of funds.
3. Develop a recovery plan.
4. Monitor progress of the fiscal recovery plan.

On October 15, 2004, the Fiscal Crisis and Management Assistance Team (FCMAT) issued its management review of the Compton Community College District to the California Community Colleges. Findings and recommendations were identified in the following areas of operation:

- Governance
- District Budget
- Human Resources/Personnel Commission
- Police Department
- Student Services
- Facilities
- Technology Systems

Subsequently, in spring 2005, FCMAT was requested to conduct a follow-up progress report for the district. FCMAT selected 45 of the original recommendations made in the October 2004 report as key elements for the district's recovery. These were targeted for further review in the follow-up progress report. The recommendations that were selected focus primarily, although not exclusively, on areas with some financial implication for the district's current and future year budgets. The following pages contain the study team's assessment of the 45 selected recommendations.

Governance

Role of the Board

Recommendations Addressed: Nos. 1, 2, 4 and 5

1. **Revise Board Policy 1.2 concerning involvement in hiring line administrators.**
2. **Revise Board Policy 1.10, which calls for a board member to chair many operational committees of the college.**

The October 2004 FCMAT report indicated that the Governing Board was overly involved in the day-to-day administrative operations of the college. Board members participated at the department level in discussion and decision-making, and influenced initial hiring and employee promotions.

The State Trustee and the college President assured the review team that Policy 1.2 and Policy 1.10 are no longer being practiced. The district has established a policy development and review process. The district has subscribed to the Community College League of California's (CCLC) policies and procedures service to use the CCLC model policies as a basis from which to begin the review and revision of the district's entire policy manual. The district intends to first review the FCMAT and accreditation policy priorities in the fiscal, human resources and governance areas, the policies the board members have identified as priorities, and policies related to health and safety. A shared governance group including administrators and staff has been established and provides a review of draft policies being considered.

Board members recently identified several policy issues they wanted to address: nepotism, staff dismissal for theft of school property, a travel policy, a policy on the naming of buildings/facilities, and a policy allowing an advisory vote for the student trustee. Board members are also interested in developing a code of ethics for the governing board and district employees. A draft code of ethics is being reviewed. Board policies on board member and employee travel, and the student trustee advisory vote were approved in April 2005.

Administrators acknowledge that the process of reviewing and revising the policy manual may take 18-24 months. Although Policies 1.2 and 1.10 are no longer being practiced, no formal action has been taken to revise or eliminate the policies from the policy manual. The team discussed with the administration the possibility of the district formally adopting the CCLC model policies for operational purposes, and continuing the process of further refining the adopted CCLC policies over time. The administration will consider taking this approach to make it clear that the CCLC model policies will be implemented.

4. Request the Community College League of California to assist in arranging for board workshops on the proper role of the Governing Board and effective college leadership.

Three of the five governing board members participated in providing input to this six-month progress report. The board members indicated that a number of workshops and training activities have been provided during the last six months and that the board members make an effort to attend these activities. Six or seven training sessions have been conducted for the board, by the CCLC, ACCT, the district's attorney and construction manager, and others on various topics including policy development, CEO and board relations, board meeting management and board conduct, ethics, construction and bond funds, and budget and finances.

The board members indicated that they found the training sessions informative and valuable. They expect to continue to participate in further training sessions that are offered.

Board members indicated that most of the board members read their materials before the meetings and are prepared to participate in the board actions. Board policy indicates that the board will hold one regularly scheduled meeting each month. However, in recent months the board has met twice or more frequently each month to conduct the district's business.

5. Assign the college bus to the Facilities Department or to another manager to ensure the best use of this asset.

The October 2004 FCMAT report indicated that the college bus was checked out on several occasions by board members for purposes that were not educational, such as trips to Las Vegas. The college bus has since been assigned to the Vice President of Administrative Services. The Associated Vice President of Operations and the Director of Maintenance, both of whom report to the Vice President of Administrative Services, manage the scheduling of the bus for student activities. The district has one bus driver to drive the bus. The bus is no longer available for use by Governing Board members or district employees for non-educational purposes.

The October 2004 FCMAT report raised the concern that the bus was purchased by Measure CC bond funds, and raised the possibility that the bond fund may need to be reimbursed by the general fund. The bus was indeed purchased by Measure CC funds. The district will need to determine if this is an appropriate use of the bond funds or if the general fund should reimburse the bond fund for the expenditure. The college should request a legal opinion from bond counsel regarding this expenditure.

Board Policies

Recommendation Addressed: No. 1

- 1. Thoroughly review all policies in the Policy Manual of the Board of Trustees and revise or eliminate those policies that are deficient in terms of their appropriateness and/or legality.**

The October 2004 FCMAT report indicated that a number of board policies were not followed by the board, administration or staff, and that a number of policies were either illegal or were bad policy.

The district has established a policy development and review process since the October 2004 FCMAT report. The district has subscribed to the Community College League of California's (CCLC) policies and procedures service to use the CCLC model policies as a basis from which to begin the review and revision of the district's entire policy manual. The district intends to first review the FCMAT and Accreditation policy priorities in the fiscal, human resources and governance areas, the policies the board members have identified as priorities, and policies related to health and safety. A shared governance group, including administrators and staff, has been established and provides a review of draft policies being considered.

The administration is considering having the district formally adopt the CCLC model policies for operational purposes, and continuing the process of further refining the adopted CCLC policies over time. This approach will make clear that the CCLC model policies will be implemented for district operations.

President's Office

Recommendations Addressed: Nos. 5 and 6

- 5. Adopt a new Organization and Staffing Chart for the district. Appendix A is the current Organization and Staffing chart. Appendix B is the recommended Organization and Staffing chart. The recommended action is expected to improve the governance role of the Governing Board, strengthen the role of the President, improve management of district instruction and operational matters and save considerable ongoing costs.**

The October 2004 FCMAT report indicated that the staffing levels in the President's Office were too high, that the number of positions that directly reported to the President was unwieldy, and that some positions reported to more than one supervisor.

Management has since been reorganized, and a new organizational chart has been developed. (The original and new organizational charts are attached to this letter as Appendices A and B). The reorganization reflects the changes recommended in the October 2004 report. Administration has been organized with two Vice Presidents reporting to the College President. One Vice President is responsible for Administrative Services, which includes college operations and maintenance and operations, information systems, human resources, fiscal affairs, procurement, and the police department. The other Vice President is responsible for both Academic Affairs and Student Affairs. Academic Affairs includes the deans of liberal studies and curriculum, math/science and vocational education, human services (nursing), research and planning, and CalWORKS. Student Affairs includes the deans or directors of student affairs, EOP and S/CARE, Talent Search, Upward Bound, admissions and records, financial aid, and student support services.

6. Direct the appropriate staff to immediately prepare job descriptions and minimum qualifications pertinent to each management position.

Updated job descriptions have been prepared for most top-level management positions including those for the vice presidents/assistant superintendents, the deans and many of the director positions. The Human Resources department continues to update the job descriptions for positions that need to be filled. The job description for the Chief of Police, for example, was developed prior to advertising and filling the position.

Board Member Roles

Recommendation Addressed: No. 1

- 1. Provide existing board members and all new members with training on their appropriate policy role. Board members need to be trained to recognize that the Superintendent/President is the chief executive officer of the district and it is his/her job to carry out the policies of the board through the daily administrative functions of the district.**

Three of the five board members participated in providing input for this six-month progress report. The board members indicated that a number of training workshops and activities have been offered by the district in the last six months. All board members interviewed indicated that the workshops were informative and valuable in assisting them in understanding their roles and responsibilities as governing board members. An added benefit to the workshops is the opportunity to interact and get to know their board colleagues in a setting other than the formal board meetings.

Six or seven training sessions have been conducted for the board, by the CCLC, ACCT, the district's attorney and construction manager, and others on various topics including policy development, CEO and board relations, board meeting management and board conduct, ethics, construction and bond funds, and budget and finances.

The board members who participated in the interview process are new to the board, elected within the last 2-3 years, and appear committed to assisting the district to achieving accreditation and to remedying any reported inappropriate conduct of previous board members. They indicated the need for the college to continue to provide educational services for the young adults in the Compton area. The college has implemented several collaborative efforts with the Compton Unified School District to provide early college admission for high performing juniors and seniors, and to provide vocational or science laboratory courses that the high schools cannot offer. The college also provides courses for teen parents.

District Budgets

Current Fiscal Status

Recommendations Addressed: Nos. 1 through 5

- 1. Ensure that the district follows Generally Accepted Accounting Principles. The LACOE provides excellent training, such as a session on closing the fiscal year. Compton CCD business staff should utilize any assistance/training the county offers.**

The district is not following Generally Accepted Accounting Principles in many areas. The district's general ledger has not been audited, balanced or reconciled since the fiscal year beginning July 1, 2004. This was noted when a trial balance was run from the Los Angeles County Office of Education (LACOE) Report Access and Distribution (RAD) system on May 25, 2005. Accounts receivable balances were credits; the normal balance for such asset accounts is a debit. Accounts payable balances were debits; the normal balance for such liability accounts is a credit. Cash in the unrestricted general fund (01.0) was a negative \$62,957. Many error accounts were noted, and a suspense clearing account had a credit of \$233,439. The study team was told that the Business Office had been concentrating on getting the county system up and running. The district was unable to furnish the majority of reports requested, either internal or from RAD.

Attached as Appendix C is a copy of the suspense clearing account (9910) run using RAD. The report shows that the \$233,439 was deposit #DP01981 dated August 9, 2004. This suspense account should have been cleared within a short period of time and deposited into the appropriate revenue, accounts receivable or abatement account.

The Business Office was not certain that the ending balances from June 30, 2004 had been rolled over into the beginning balances for fiscal year 2004-05. Reports showed that these balances were entered into the general ledger by LACOE. Attached as Appendix D are sample reports from RAD showing the beginning balances appearing in the general ledger. The deferred revenue accounts also need to be cleared to provide a more accurate income report for the district. This is usually done at the beginning of each fiscal year.

The staff has had general ledger training from LACOE throughout the year, but the training has not been put to use.

- 2. Provide the business staff with extensive accounting training and solid leadership. Managerial leadership with knowledge of fund/governmental accounting is essential.**

LACOE staff members have been to Compton College to provide training numerous times throughout the year, and the Compton staff has attended California Association of School Business Officials (CASBO) workshops at LACOE.

Compton administrators have had difficulty in staffing the business office. Most of the business staff has very little accounting knowledge. This was noted in the original FCMAT management review. Additional staff with detailed knowledge of accounting principles and procedures should be hired as soon as possible. A supervisory position should oversee the general ledger, do cash reconciliations and help familiarize the current staff with acceptable procedures.

LACOE has assisted in training budget staff, department heads and others to run the necessary departmental budget, expenditure and balance reports.

3. Immediately hire a new audit firm for fiscal year 2003-04. Engage the district in an actuarial study related to the unfunded liabilities and begin the process of a thorough audit of the bond fund as required in the State Constitution pursuant to Proposition 39.

A new audit firm, Vicenti, Lloyd and Stutzman, LLP, was hired to perform the annual audit for fiscal year 2003-04. The audit report was presented in April and was taken to the board for approval on May 24, 2005. Therefore, no audit adjustments have been made to the general ledger to date.

An independent accountant's report on applying agreed-upon procedures for the bond fund was performed by Vavrinek, Trine, Day and Co. LLP. The report was finalized in April 2005. In addition to this procedural report, a financial and performance audit should be performed. The firm questioned \$3,614,314 in expenditures that were made before the issuance of bond funds. These expenditures were made with funds from the Certificates of Participation series A and C issued by the district prior to the bond approval. This amount could eventually become a liability for the unrestricted general fund. The district should request a legal opinion from bond counsel regarding the \$3.6 million of questionable expenditures.

An actuarial study of the district's workers' compensation fund was last performed in 2002. A yearly actuarial study of this fund should be conducted, as the 2003-04 audit reported an understatement of Incurred but not Reported (IBNR) of \$593,612 and an ending fiscal year liability of \$794,453. This amount could eventually be considered a liability to the unrestricted general fund.

No actuarial study for post-retirement benefits has been completed. Employees are granted lifetime medical benefits after 20 years of service. As these benefits are paid for as a current expenditure to each fiscal year and the amounts paid are not separated by a distinct object or activity code, the district is unable to report these expenditures directly. An actuarial study should be conducted every two years to ascertain this unfunded liability. Governmental Accounting Standards Board (GASB) statement 45 mandates that this amount be reported and a process established to fund this liability by fiscal year 2008-09. The study team was told that a request for proposals for the actuarial study would be sent to three firms in June.

- 4. Ensure that the President addresses and documents the resolution of audit findings as soon as the audit has been issued. Require staff to track follow-ups for all findings.**

The audit report was issued in April 2005 and approved by the district board on May 24, 2005, so there has been no time to complete this recommendation. All audit findings were responded to by the district and were included in the audit.

- 5. Issue a public report describing specific actions taken by the district to correct any negative audit findings.**

The study team was told that a format existed for a report to the board discussing the audit findings and the actions that will be taken to correct them. A copy of the report format was requested but was not forthcoming.

Budget Development

Recommendation Addressed: No. 1

- 1. Require the creation and use of a calendar for Budget Development input, with all departments and divisions given the ability to develop their individual budgets. In this way, there will be buy-in and acceptance of responsibility for one's budget.**

A Budget Advisory Committee has been formed, has been meeting and has developed a budget calendar that was presented to the board in January 2005. A copy of this calendar was requested but not received.

Work has not yet begun on the 2005-06 budget. Departments are developing their budgets, which are due to the Business Office within the next two weeks. Development of the tentative budget for 2005-06 will begin at that time. As a tentative budget must be adopted by the board by June 30, 2005, there will be little time to review, revise and/or amend the budget.

Fund and Program Accounting

Recommendation Addressed: No. 1

- 1. Establish accounting procedures for projects and grants from the application through the reporting and funding processes. Ensure that all applications for grants are approved by the Business Office prior to submission to ensure that the grant is fiscally acceptable. Obtain board approval prior to establishing the grant in the appropriate budget chart fields.**

The study team was assured that procedures were established and that files were set up in the Business Office for each grant/special project with copies of the grant, board approval information and all fiscal reports submitted. The team requested any such file for review. A file was never received and the study team cannot verify that these procedures exist.

No indirect costs were recovered from the categorical/restricted programs for 2003-04, and none have been calculated or recovered for the current fiscal year. In previous years, the district had recouped over \$400,000 from these programs to abate the costs of running them. The indirect rates allowed for each individual program should be calculated, budgeted for in the program, and recouped periodically throughout the fiscal year.

Multiyear Budget Forecasting

Recommendation Addressed: No. 1

- 1. Institute a system of budget forecasting, with at least a five-year projected plan for revenue and expenditure based upon the best estimates available. Update the plan at least twice a year.**

The study team was told that the current fiscal situation at Compton CCD makes it impossible to develop a five-year projected plan. No forecasting has been done. Minimally, the college should project the current and two subsequent fiscal years to ensure financial solvency.

In 2004-05, Compton CCD granted the faculty a raise costing the district \$700,000. This raise was granted in part to comply with the 50% law, which the district failed to meet in 2002-03 and 2003-04. The raise is ongoing, and the budget will need to be increased each year to accommodate for negotiated compensation issues. For 2004-05, the raise was covered by prior-year federally restricted program funds recouped from the Department of Education. The district must address the funding source for the future fiscal years through financial forecasting.

The required paperwork was not submitted to the state for an exemption from the 50% law for the 2002-03 fiscal year. Therefore, \$586,264 must be remitted to the state. Paperwork was submitted for 2003-04. The district does not yet know if an exemption will be granted, so the remittance should be budgeted in 2005-06 as a contingency in the ending fund balance.

Year-End Closing Calendar and Procedures

Recommendations Addressed: Nos. 1 through 3

- 1. Ensure that the Compton Community College District establishes its own year-end calendar based upon LACOE's calendar. Complete the closing activities on time.**

The study team was told that a Business Office administrator had input the due dates for all required reports on his personal computer calendar, with automatic notification two weeks prior to each report's due date. A copy of this calendar was requested but was not forthcoming. A Business Office calendar should be established containing all significant dates for the fiscal year along with the responsible party for these reports/tasks. The calendar should be reviewed by management and staff regularly and updated as needed.

LACOE training for year-end closing was set for June 7, 2005. Compton is waiting to receive a closing calendar from this training. In response to the October 2004 FCMAT review, Compton staff had stated that the process of establishing such a calendar would begin by March 15, 2005. The study team saw no evidence that the process had begun.

The Compton CCD should establish a closing calendar before this training is taken. The general ledger accounts should be reviewed and corrected for any errors by June 7. Accounts receivable should be posted to and balanced, deferred revenue should be reversed to the appropriate revenue accounts, accounts payable should be posted to and balanced, and suspense accounts should be cleared to date in order to close the fiscal year appropriately and correctly. Only then can the district set up the current-year accruals and calculate a correct ending balance for the current year.

The district also has not corrected its chart of accounts. To appropriately calculate the annual CCFS-311, the activity/TOPS code must adhere to the Budget and Accounting Manual requirements. Compton has been incorrectly using this LACOE-identified activity chart field to identify the categorical and restricted programs. LACOE does identify an appropriate chart field for the categorical/restricted program codes and allows for reporting based on these codes. Thus the district is not making full use of the software capabilities, as well as making it extremely difficult to report to the state correctly by activity/TOPS.

In summer 2004, the Business Office was given a sample of the chart fields used by Mt. San Antonio CCD, which also reports to LACOE. Compton CCD should use this or similar samples to ensure adherence to the Budget and Accounting Manual requirements.

Because the Business Office staff lacks knowledge of closing procedures, the district plans to have four members of its current audit firm train the staff on these procedures for three months. While the Business Office needs assistance, it may be a conflict of interest to have the same audit firm assist with closing and then perform the annual audit. The district should contract with another firm for this assistance.

- 2. Ensure that Business Office staff members attend the seminars and assistance provided through the county office. Each functional area and each staff member should be fully aware of the deadlines and the activities to be performed.**

LACOE training has been provided to the Business Office staff. However, the staff has not absorbed the training and does not put it to use. This may be due to their lack of accounting knowledge and experience, or a lack of leadership within the Business Office. In either case, the problem needs to be resolved if GAAP requirements are to be followed. As suggested above, the administration needs to hire additional staff in the Business Office that understands debits and credits, general ledgers, and GAAP.

- 3. Distribute a calendar to all district staff outlining dates for closing purchase orders, requisitions, and payroll deadlines.**

The purchasing staff has sent such a calendar to all departments on campus. It was also sent to the board for approval.

Monthly Budget Reports for Staff, President and Board

Recommendations Addressed: Nos. 1 and 2

- 1. Make monthly financial reports available to all staff members, and ensure that the reports are placed online.**

District staff can now view financial data from LACOE online. LACOE provided training to the appropriate district staff, and the Business Office staff helps other staff with running these reports.

Monthly financial reports are placed on the board agenda.

- 2. Ensure that staff members are familiar with the procedures and practices necessary to effectively use the PeopleSoft accounting system.**

The staff has had training with the procedures and practices of the PeopleSoft accounting system. However, because the Business Office staff lacks a thorough knowledge of accounting principles, this training has not been put to use.

Financial Linkages

Recommendation Addressed: No. 2

- 2. Oversee an assessment of the district's financial system needs and the systems currently in place, with the goal of selecting the best hardware and software available to perform essential financial functions.**

Compton administrators stated that the LACOE RAD reports were very difficult to run, and the staff was unable to run reports requested by the study team. However, study team members had no trouble running the reports. LACOE has made originating RAD reports very routine.

The district plans to link purchasing with LACOE's PeopleSoft module for fiscal year 2005-06, and to contract with DataTel to acquire a new software program for financials and student services use. The estimated cost of this new software is \$900,000. Given the difficulty the Business Office staff has with LACOE and PeopleSoft, an additional layer of software would not be advantageous. DataTel would still need to interface with PeopleSoft, as LACOE is completely tied to this software. LACOE also provides training for its software at a minimal fee, while training by a software company can be very expensive. This decision should be thoroughly studied and the cost effect calculated.

Human Resources/Personnel Commission

Personnel Commission Role

Recommendations Addressed: Nos. 1 through 4

- 1. Reorganize the Human Resources Office and Personnel Commission to make the role of the commission consistent with state law and to provide expertise necessary to manage these functions.**

The Personnel Commission was closed at the time of the study team's fieldwork.

Changes have been implemented for both the Human Resources Office and Personnel Commission. Their roles are separate but there are regularly scheduled weekly or biweekly meetings between the two. These meetings have improved communications. The Personnel Commission's duties and responsibilities are better delineated. Human Resources previously maintained only faculty and educational administrator personnel files, but now maintains the files for classified personnel as well. Human Resources has assumed the management of performance evaluations, grievances, collective bargaining issues, leaves of absence, transfers, and discrimination investigation for all district personnel.

The Personnel Commission has specific challenges regarding its image of fair representation for all employees. The Personnel Commission primarily deals with the unions only and it is perceived that union leadership influences decisions.

- 2. Arrange for appropriate training for Personnel Commission and Human Resources Office staff on the tasks that they perform.**

The Human Resources Office staff was unaccustomed to going to formal training. Recently, the staff has participated in workshops conducted by the Los Angeles County Office of Education (LACOE) and the California Association of School Business Officials. Initial workshops focused on managing data. All Human Resources staff members were required to attend the LACOE training.

Two new Human Resources Assistants have been hired. HR hopes to get the positions changed to analyst, specialist or technician status to better define the type of work that needs to be done to effectively manage the human resources operations.

- 3. Update the district's Diversity Plan to reflect recent court decisions and implement a serious effort to diversify the work force at all levels of the organization so that the college's employees appropriately reflect the community they serve.**

This project has not been completed yet. It is anticipated that it will be completed prior to the current HR consultant's departure in October 2005. Training will be conducted this summer to comply with the mandates of AB 1825, Mandatory Sexual Harassment Training for Supervisors and Managers.

- 4. Authorize a thorough classification study at all levels to correct structural deficiencies in job specifications, classifications, and compensation levels. Appropriately align minimum qualifications such as knowledge, skills and abilities with the duties and functions expected of academic, classified and management positions.**

Managers and supervisors are reviewing the job descriptions of their staff and making recommendations for submission to the Personnel Commission. The Chief of Police has completed job description reviews for all police officer positions and has recommended streamlining his department by decreasing higher-level police officer positions.

The goal is to submit all of the job descriptions for review en masse to the Personnel Commission. The estimate for a comprehensive classification review conducted by a compensation consultant is approximately \$20,000 to \$40,000.

Management position descriptions were reviewed and corrected. The job description for Dean of Human Resources has been updated and it will be recommended that the position be given more authority and classified at a higher level, such as an executive dean, to better reflect the scope of the job. Funding limits may be an issue for the classification review project.

Position Control

Recommendations Addressed: Nos. 1 and 4

- 1. Create a formalized position control system and require authorization for all new positions by the Governing Board.**

The district's proposed action plan to create a formal, written personnel requisition process for all positions, including academic, management, classified and temporary is scheduled to be completed by September 2005. This is a joint project between the Business Office and Human Resources to ensure that positions are authorized and sufficient monies are budgeted.

- 4. Direct the District's Business Office, Personnel Commission and Human Resources Office to work together to determine the appropriate level of funding to set aside for each district position and the accounts paying for each position. This should be an annual exercise and is critical in the development of an accurate budget for each fiscal year.**

This task is complete and will be implemented in July 2005, with assistance and training from LACOE.

The Human Resources consultant has been monitoring position control and security concerns to ensure an ongoing separation of duties between accounting and human resources functions.

The practice of issuing excessive stipends for employees was stopped or has been significantly reduced.

A better job is being done in monitoring provisional employees' time.

Categorically classified positions are eliminated as the funding ceases.

Staff Employment Status

Recommendations Addressed: Nos. 1, 4, 7, and 8

- 1. Request an audit to determine which individuals may be receiving both a W-2 and a 1099 Form. Take action to eliminate any instances of individuals receiving both.**

Circumstances where a person may be listed as both an employee and a consultant or contractor are being investigated and addressed through the Business Office. The firm of Vicenti, Lloyd and Stutzman is conducting audits. The Human Resources consultant could not confirm whether or not the action plan was implemented for the Personnel Commission (with the assistance of Human Resources) to design a check and balance system to ensure that contractors do not work as employees.

The Business Office exclusively handles independent contractors.

- 4. Require recruitments to be conducted in a timely and appropriate manner to eliminate the inappropriate use of temporary employees.**

This problem was primarily identified with Personnel Commission Office functions and could not be confirmed with the Human Resources consultant.

- 7. Ensure that all board items approving the use of independent contractors have sufficient specificity to ensure that the Governing Board has adequate knowledge of the purpose, use and legality of the proposed agreement.**

The Business Office implemented changes in April 2005 to provide more detail for items presented for board approval.

- 8. Amend the Personnel Commission's rules and regulations to include the IRS-based 20-point test for the hiring of independent contractors and the federal Fair Labor Standards Act set of employee vs. contractor tests.**

The Executive Director for the Personnel Commission reported that the commission amended its rules and regulations to include the 20-point test for hiring independent contractors in April 2005.

Risk Management Functions

Recommendations Addressed: Nos. 3, 7, 10, and 11

3. Establish liability accounts for the district's workers' compensation and unemployment insurance claims, with proper funding and tracking.

Establishing accounts is a Business Office function that is being addressed by the college administration. A property and liability report was developed in May 2005 for better tracking of claims, including legal claims. There is a fund balance of negative \$250,000. Workers' compensation claims are still managed through third-party administrator Buckeye Administration. Keenan and Associates continues to handle the long-standing cases and will follow those through to completion.

7. Require appropriate Human Resources and Business Office staff to monitor trends and develop a plan of action to help prevent and significantly reduce liabilities in various risk management programs.

The HR employee who monitors and tracks workers' compensation mainly processes paperwork. Unemployment liability forms are also processed by this employee.

The HR consultant is preparing an internal restructuring proposal. She recognizes the need for a Risk Manager to monitor risks, review claims history and recommend cost effective and preventative measures. A new position for the Human Resources Office will be included in a "wish list" organizational proposal. The district's limited funding for ideal staffing levels is a concern.

A short-term return-to-work program does not yet exist at the college. Such a program will be developed to help employees return after a work-related injury or illness.

10. Establish workers' compensation and unemployment liability funds to reflect appropriate expected charges for these benefits.

The Vice President of Administrative Services and the HR consultant will assess the current reserve account balance for unemployment liabilities for the need to increase. This is scheduled to be completed by June 30, 2005, but the recommendation has not been addressed thus far.

11. Oversee an immediate actuarial study of the district's retiree health and workers' compensation programs to ascertain the extent of its liability, and reflect that amount in its official assets and liability figures as required by Governmental Accounting Standards Board (GASB) rules. Establish a retiree health liability fund and deposit appropriate amounts into the fund as established by the actuarial study.

It is anticipated that the certified audit and findings will conclude by December 2005. A request for proposals is being developed for an actuarial study for retiree benefits and workers' compen-

sation liability. The goal is to have the proposals returned to Compton College for review by the end of July 2005.

The HR consultant is gathering information needed for the study. The value of retiree benefits will need to be checked. Retirement is allowed at 50+ years of age. Full health and welfare benefits are afforded to faculty members and staff members with 20 years of services to Compton College. The benefits level is negotiable for administrators.

The plan is to establish a retiree health liability fund and deposit appropriate amounts into the fund as established by the actuarial findings when they are completed.

Leave of Absence Programs and Overtime

Recommendations Addressed: 1, 3, and 6

- 1. Ensure that the compensatory time off program is kept up to date in terms of the tracking of additions or subtractions from each eligible employee's account balance.**

Effective July 1, 2005, overtime must be pre-approved. Managers have been made accountable and are requested to not give overtime or compensatory time off unless the employee has obtained prior approval. An earnest effort to limit overtime is being communicated.

- 3. Establish a compensatory time off liability account. Accumulated compensatory time off then must be paid to any employee who leaves the district's employment. An actuarially sound decision must be made as to the amount needed to fund this account.**

Systems are being improved and the district will be able to keep track of compensatory time off, with additional monthly monitoring for both managers and employees. Payroll and human resources staff will coordinate efforts to ensure compliance and monitor balances.

- 6. Create a vacation liability account and calculate an accurate vacation liability figure. Calculate an actuarially sound level of funds to be placed in this liability account. One generally accepted method is to calculate the amount of vacation accrued by all employees during a 90-day period. Another method is to determine the normal average annual vacation payout rate during the last three to five years and place that amount into the fund as a minimum.**

Employee pay stubs will show the vacation and sick leave balances of each employee. Managers and supervisors will be held accountable for monitoring vacation leave usage. Letters will be sent to academic managers along with copies of board policy reinforcing that the maximum amount of unused vacation time will be capped at 352 hours. No payoffs for excessive vacation will be allowed. June 30 will be the cut-off period each year.

The HR consultant has worked closely with legal counsel prior to issuing the announcement to employees specifying the changes. Employees are provided with the opportunity to take vacation; however, many never have taken vacation because they were concerned with losing their jobs.

The checks and balances that will be implemented will ensure that time for leave is submitted. Absence reports will be created to assist managers in tracking their employees' time. The PeopleSoft software should allow reports to be effectively monitored beginning with the 2005-06 fiscal year.

Student Services

Instruction

Recommendation Addressed: No. 2

2. Develop an effective and consistent enrollment management process as described above (in the report).

The October 2004 FCMAT report indicated that the district did not use an effective program review process. A more hands-on approach to enrollment management was recommended that included the collection and analysis of five years of statistical data of previous class enrollments by class title, department and instructor; a review of the low-enrollment classes at the end of the pre-enrollment period and on the third day of late registration; written criteria for class cancellation; a review of attendance accounting of each class; and a review of the faculty load. The report indicated that a lack of effective processes could lead to the misrepresentation of student attendance data or FTES.

Although the process has not yet been committed to writing, the following enrollment management practices have been instituted since FCMAT's visit in the fall. The Vice President for Academic Affairs and Student Services meets weekly or more frequently with the Administrative Dean of Academic Affairs and the Administrative Dean of Student Affairs. The district has reorganized to merge Academic Affairs and Student Affairs under the supervision of one Vice President, making the system more effective and communication more frequent.

Class enrollment runs are generated on a weekly basis and division chairs meet to review the class enrollment runs. Course offerings are developed by the divisions based on the courses needed for certificate programs or for graduation. The division administrators are tasked with degree program development. Classes are filled utilizing a general minimum standard of 15 students. A class is considered full at 27 students, although it may include up to 30 students.

Students may now register for courses from online computers on campus. This option eliminates the previous long lines of students waiting to register. A system for online registration from home has not yet been established.

Internal Web page and internal/external phone registration systems are now functional. For the spring 2005 semester, these systems enrolled approximately 100 students, and for summer 2005 they enrolled approximately 700 students. Open enrollment for summer school will start June 16, 2005. It is anticipated that 1,500 students will utilize these systems.

Student use of the phone registration system is declining to less than 5%. It is anticipated that in spring 2006 the current internal Web system registration will be put on the Internet so that students can enroll off site.

The technology staff has done an excellent job of supporting this technology and providing in-service training on its use to staff and students. The staff should continue to support and expand

the Web-page-based enrollment system. Staff should also continue to support the phone registration system as long as no new investment in technology or resources is needed. This system should be phased out once Internet-based registration is reliable.

The district plans to offer a post-spring session May 31 – June 16, 2005, a summer session June 20 – July 29, and is considering a second four-week summer session August 1 – 25. The late summer session is intended to provide any remedial assistance for students needing preparation to do well during the regular fall and spring terms. The district is also initiating a compressed schedule beginning in the fall of two eight-week sessions, fall (August 29 – December 18) and spring (February 12 – June 8), and a six-week winter session (January 4 – February 9). Two summer sessions are also planned for summer 2006. The district recognizes the need to increase student enrollment and believes that offering a varied number of sessions will assist students in acquiring the courses and units they desire and/or require.

Admissions and Records

Recommendations Addressed: Nos. 1 and 2

- 1. Direct the Information Technology department to select three companies with an outstanding reputation for telephone registration and online services for staff consideration. Involve all necessary staff members in the selection and presentation of the product.**

Phone and Web registration systems are in place and functioning as noted in the above standard. There appears to be ample buy-in from all departments involved in student registration. The technology department is doing an excellent job of supporting departments using these systems.

- 2. Task the Information Technology Department with creating a specific program for the district to prevent the collection of FTES where it is not permitted.**

The technology department is 50% done with converting/migrating student records from the existing student information system to the PNI system. Social Security numbers, high school graduation verification and residence codes are some of the data that is being verified during the transition.

The college is moving toward requiring students to utilize the California Community Colleges Online Application Center (<http://cccapply.org>) to start the application process. This system completes all verifications before the college starts to work with the student. It will also help secure accurate information for funding calculations.

Academic affairs, student services, and technology department have been working cooperatively to formalize the entire enrollment process. This will ensure that class scheduling, teacher assignment, and facility needs are addressed before a student is enrolled in a class. Most of this work is done on the PNI student information system.

Police Department

Recommendation Addressed: No. 1

- 1. Determine what the mission of the Police Department will be on the campus. Review the existing structure within the Police Department, which is top heavy with supervisory personnel, and reorganize the department.**

The October 2004 FCMAT report noted that the Police Department was not Peace Officer Standards and Training (POST) certified, it had no functioning vehicles and no non-lethal deterrents other than batons, its isolated location was useless in terms of offering preventative security measures for the campus, tickets were routinely “fixed” by the Deputy Superintendent designated as the Police Chief, and police badges were given to governing board members and certain district employees.

The district’s Police Department has made significant improvements. Although only one recommendation in this operational area was selected for this six-month review, all of the recommendations in the October 2004 report have been addressed. The department was POST certified in December 2004. A Police Chief, with previous police supervisory experience, was hired in February 2005.

The department’s mission statement was crafted in February 2005 and affirmed by the department’s staff and college administration. Policies related to security and policing processes are being reviewed for revision. The department’s Policies and Procedures Manual, drafted in 2002, is being reviewed and updated.

The department has been reorganized and is currently staffed by the Chief of Police, a lieutenant, three sergeants to man the three work shifts, and eight officers. The department provides coverage 24 hours a day, seven days a week. The Chief of Police reports to the Vice President of Administrative Services. Communication with human resources is ongoing to ensure that the hiring of police officers conforms to appropriate rules and regulations.

The district purchased four used vehicles from the California Highway Patrol for the use of its officers. The unusable vehicles owned by the district have been declared surplus. The district officers also use bicycles, and two golf carts are available for use on the campus. The department is considering the possible use of non-lethal weapons such as tasers.

All but one of the police badges previously provided to board members and district employees have been returned to the department and remain under lock and key. The one outstanding badge, previously assigned to a former district police officer who is now incarcerated, was not recovered during an implemented search warrant of the employee’s residence.

The department has initiated a volunteer program to increase campus security and is considering instituting a cadet training program for individuals interested in future police work.

Students are able to dial *19 from any pay phone on campus to reach the campus police department for assistance. The department office will be moved to the portable classroom that previously housed the IDRC Resource Center. This is a more central location on the campus.

Facilities

Recommendation Addressed: No. 5

- 5. Require detailed annual financial and performance audits of the use of Measure CC funds both for expenditures covered by earlier COP borrowing and for expenditures directly paid from Measure CC bond proceeds.**

An independent accountant's report on applying agreed-upon procedures for the bond fund was performed by Vavrinek, Trine, Day and Co., LLP. The report was finalized in April 2005. In addition to this procedural report, a financial audit should be performed. The firm questioned \$3,614,314 in expenditures that were made before the issuance of bond funds. These expenditures were made with funds from the Certificates of Participation series A and C issued by the district prior to the bond approval. This amount could eventually become a liability for the unrestricted general fund. The district should immediately request a legal opinion from bond counsel to determine the final outcome regarding these expenditures.

Technology Systems

Recommendations Addressed: Nos. 3 and 8

- 2. Develop a project plan to migrate current software systems to another platform. This should include the development of configuration management requirements for financial, human resources, and student information systems, a technical statement of work, and a set of detailed design specifications for subsequent migrations and or implementation projects relating to these systems.**

Compton CC has completed a migration from the PNI financial system to LACOE People Soft for Finance and HR and Position Control. Contract negotiations are being worked out for the continuation of this partnership. Training on position control features is being done now.

The college will continue to utilize the student information system module of the PNI product.

- 8. Complete a redesign of the information technology network and infrastructure. This will allow an integrated fiscal, human resources, and student information system to operate effectively, consistently, and securely without the concern of data compromise or corruption.**

The technology department has made the most progress in this area. There is a well engineered plan for the Wide Area Network that takes into consideration resources for staff and students as well as internal/external security. This work appears to be about 60% complete. Physical networks and equipment are in place. Server configurations and user resources are being developed at this time. Based on planning and work up to this date it appears the department will complete the requirements of this standard in the next three months.

Gateway Proposal

Recommendation Addressed: No. 1

- 1. Continue to monitor all progress on this project to ensure that it proceeds according to contract specifications and time lines.**

All work to date is on schedule. It appears that the goals of the project are being met. All equipment is in place and configuration is well under way.