



LOS ANGELES COMMUNITY COLLEGES

CITY • EAST • HARBOR • MISSION • PIERCE • SOUTHWEST • TRADE-TECHNICAL • VALLEY • WEST

INTERNAL AUDIT DEPARTMENT (IAD)

FOUNDATION AUDITS

Summary Report

	City	District	East	Harbor	Mission	Pierce	Southwest	Trade	Valley	West
High	4	9	12	17	14	24	12	17	14	12
Considerable	4	0	2	1	4	3	2	4	1	1
Moderate	7	3	4	2	6	2	4	4	4	2
Marginal	2	0	0	1	0	2	0	1	1	0
Total	17	12	18	21	24	31	18	26	20	15
Overall Audit Rating	Impaired	Impaired	Impaired	Impaired	Impaired	Impaired	Impaired	Impaired	Impaired	Impaired

SUMMARY OF COMMON FINDINGS:

Walkthrough:

1. The Foundation does not have a maximum amount established for operating account to allow for a stronger financial portfolio by investing excess cash into high interest bearing accounts.
2. The Foundation did not meet its goals and objectives of providing funds to support the programs of the College.
3. The Foundation is acting as a bank and providing bookkeeping/accounting services for the college academic departments.
4. There is a lack of segregation of duties as it relates to the collection of cash, accounting and reporting.
5. There are internal weaknesses with the reporting of hours worked by employees as employees are not required to sign timesheets acknowledging hours worked.

6. There is a lack of documentation to substantiate financial transactions and other operating activities.
7. There are internal weaknesses with the safeguarding of the Foundation assets.
8. There are internal weaknesses with the record retention process as the Foundation does not maintain all scholarship application.
9. Inadequate accounting system is used to record the financial transactions of the Foundation.

Policies and Procedures:

1. The Foundation does not maintain an updated internal operation written policies and procedures for all pertinent areas.

Procurement:

1. There are internal weaknesses within the Foundation operation as payments are made without proper documentation justifying the expense to be paid and/or funds are used for eligible expenses.
2. The Foundation Board does not have a process to approve and/or ratify payments made for services or items purchased.
3. Items/services purchased did not warrant the use of Foundation funds.

Revenue and Cash Receipts:

1. The Foundation does not account for receipts in a daily cash receipts ledger or similar report.
2. The Foundation does not make daily deposit to the bank when cash/check is received.
3. Foundation does not maintain documentation for items that were not sold during the Silent Auction at the GALA.

Bank Reconciliations:

1. The reconciliation performed lacked the attributes to solidify the timeliness and accuracy of the bank reconciliations.

Transfer of Funds:

1. Cash was transferred between bank accounts without proper authorized documentation.

Scholarships:

1. There are internal weaknesses within the selection process of students' scholarship as there is no evidence to substantiate each scholarship committee member selection and/or the Departmental scholarship selection. Additionally, no procedure manual or documents is maintained to validate the process use for the final selection.

2. The Foundation does not present a list of scholarship recipients to the Foundation Board for ratification.
3. The Foundation does not present a list of scholarship recipients to the College Financial Aid office.

Conflict of Interest:

1. Conflict of interest forms were not completed by individuals who were required to submit conflict of interest disclosure forms. When completed there is no evidence to substantiate that the conflict of interest disclosure statement forms were reviewed and approved.
2. The Foundation does not maintain updated conflict of interest disclosures from Foundation Board members.

Budget vs. Actual:

1. There is no evidence that a budget was created by the Foundation for all operational activities under the control of the Foundation.