February 27, 2009

Mt. San Antonio Community College District
Board of Trustees
1100 N. Grand Avenue
Walnut, CA 91789

Dear Board of Trustees:

This letter is to respond to the application from Mt. San Antonio Community College District (Mt. SAC) to request they be approved by the Los Angeles County Office of Education (LACOE) to operate under a fiscally accountable status to LACOE.

In accordance with California Education Code (E.C.) Section 85266, on August 27, 2008, the governing board of Mt. SAC filed a written application with LACOE to seek approval for Fiscally Accountable status. The application requested an effective date of July 1, 2009.

Numerous meetings have been conducted with stakeholders to ensure the systems are capable of performing under the Fiscally Accountable status. The items delineated in the VTD audit report and raised by LACOE are being addressed. Only a few outstanding issues remain to be resolved, but progress is being made. As such, the Los Angeles County Office of Education has reviewed the application and report of financial management and control. The application is approved for the fiscal year beginning July 1, 2009.

Mt SAC was required to undergo an audit of their management and accounting controls. The purpose was to determine whether the proper internal controls are in place to provide the appropriate oversight and internal audit function for the issuance of commercial warrants directly through the County Treasury without review and approval by LACOE for scrutiny of the legality and propriety of district accounting transactions. The audit also reviewed the staffing of the accounting, budgeting, contracts, internal audits, management information systems, personnel and procurement departments for adequacy in numbers and skill level to conduct administrative programs independent of detailed review by LACOE.

The independent audits of the proposed preparation and processing of commercial and payroll warrants have been performed. The conclusion of the December 23, 2008, audit by Vavrinek, Trine, Day and Company (VTD) was Mt. SAC “has been successful in building a system capable of achieving Fiscal Accountability status, yet
several significant milestones still need to be met before the district is completely ready for implementation." These were identified in the report with the inclusion of a response from Mt SAC. The audit concludes, "Other than the items noted above, there appears to be no significant impedances toward fiscal accountability."

LACOE will continue to monitor the progress of Mt SAC in implementing the remaining items identified. Approval is granted for Fiscal Accountability status by LACOE and pending items are to be resolved, as determined by LACOE, prior to implementation. Fiscal Accountability status is subject to the on-going approval by LACOE.

Sincerely,

Pamela Fees, Director
School Financial Services
Division of Business Services

PF: cji

cc: John Nixon, President/CEO, Mt. SAC
    Michael Gregoryk, Vice President, Mt. SAC
    Linda Baldwin, Associate Vice President, Mt. SAC
    Donald Kenneth Shelton, Assistant Superintendent Business Services, LACOE
    Wendy Watanabe, Auditor-Controller, Los Angeles County
    John Naimo, Assistant Auditor-Controller, Los Angeles County