BACKGROUND

On July 25, 2007, the Board of Trustees authorized Mt. SAC to file an application with the Los Angeles County Office of Education (LACOE) in order to obtain Fiscal Accountability Status by July 1, 2008. Unfortunately, this did not occur due to a missed deadline. The missed deadline was mainly the result of a lack of clarity regarding the auditor-controller functions between LACOE and the County of Los Angeles Treasurer & Tax Collector. Therefore, LACOE has requested that we obtain Board approval a second time and complete another application form by September 1, 2008, requesting Fiscal Accountability status as of July 1, 2009.

Currently, the Los Angeles County Superintendent of Schools prints our commercial and payroll warrants. If Mt. SAC continues to process commercial and payroll warrants through the Los Angeles County Superintendent of Schools, it will require that extensive software interfaces be written and maintained. It will also require Fiscal Services to continue to use and maintain the County’s PeopleSoft Finance System and Human Resources/Payroll System along with using and maintaining the new Banner Finance and Human Resources/Payroll Systems. This would be extremely inefficient, costly, and labor intensive.

Even though we would not be granted “official” Fiscal Accountability status until July 1, 2009, LACOE is making every effort to allow us to print our own commercial and payroll warrants no later than January 1, 2009.

ANALYSIS AND FISCAL IMPACT

Education Code 85266 provides community colleges with a process to request Fiscal Accountability status, which requires the approval of the Los Angeles County Superintendent of Schools. By obtaining Fiscal Accountability Status, Mt. SAC will be able to utilize all of the Banner modules as they are intended, and for the first time in the history of Mt. SAC, we will have a fully integrated enterprise application system for the entire college.

To obtain Fiscal Accountability status, the College needs to file another application requesting Fiscal Accountability status with the Los Angeles County Superintendent of Schools no later than September 1, 2008. As part of this process, the College was required to develop a Fiscal Accountability Implementation Plan, which was reviewed and approved by the Board of Trustees on February 27, 2008. This Plan will be updated with the Human Resources/Payroll portion and resubmitted to the Board of Trustees for review and approval at a later date.
SUBJECT: Request for Fiscal Accountability Status

DATE: August 27, 2008

The estimated timeline for this process is as follows:

September 1, 2008 The College files a Fiscal Accountability Application with the County Superintendent of Schools. The County Superintendent's designee will then call for a special audit of Mt. SAC's Human Resources and Payroll system. The audit firm will be hired by the County, but paid by the College to complete the Human Resources/Payroll portion of the audit.

January 1, 2009 The required special audit report for the Human Resources and Payroll system will be completed and filed with the County Superintendent of Schools. The commercial warrant portion of the audit was completed by March 10, 2008, which was not in accordance with statute. Although, the audit firm hired by LACOE, validated that Mt. SAC had been successful in building a Finance system capable of achieving Fiscal Accountability status for Commercial Warrants.

March 1, 2009 The County shall approve or disapprove the College's application based upon the findings of the special audit report. This deadline per statute was missed also.

July 1, 2009 If the Request for Fiscal Accountability Status is approved by the County Superintendent of Schools, the College will begin operations with Fiscal Accountability Status for Payroll and Commercial Warrants.

Funding Source

Unrestricted General Fund - Cost of the special audit of the Human Resources/Payroll system.

RECOMMENDATION

It is recommended that the Board of Trustees approves the District submitting an application on behalf of the Governing Board and the College President/CEO to the Los Angeles County Superintendent of Schools requesting Fiscal Accountability Status, effective July 1, 2009.

Approved by the Board of Trustees at its regular meeting on August 27, 2008.

I attest:  

Michael D. Gregoryk, Vice President, Administrative Services