

\*-BOARD OF EDUCATION OF THE CITY OF LOS ANGELES  
Governing Board of the Los Angeles Unified School District

AUGMENTED AUDIT, BUSINESS, AND TECHNOLOGY COMMITTEE NOTES  
333 South Beaudry Avenue, Board Room  
3:00 pm., Thursday, October 5, 2004

Committee Members

Mr. David Tokofsky, Chairperson  
Operating  
Ms. Marlene Canter  
Ms. Marguerite LaMotte  
Mr. Jon Lauritzen

District Staff Members

Mr. Timothy Buresh, Chief  
Officer  
Mr. Don Mullinax, Inspector General

Committee Contact Person

Ms. Ana Lasso, Chief of Staff, District 5

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The meeting convened at 3:45 p.m.

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Recessed to Thursday, October 7, 2004 at 2:00 p.m.  
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CENTRAL LOS ANGELES LEARNING CENTER NO. 1 (AMBASSADOR SITE) AND  
TAX CREDITS

Mr. Jess Womack, Associated General Counsel, Facilities Team, gave a presentation to the Committee regarding Central Los Angeles Learning Center #1, (Ambassador Hotel Site) and the potential use of historic tax credit. He indicated that under the Environmental Impact Report for the Ambassador Hotel Project had contended that the LAUSD could use historic tax credits, rehabilitation tax credits, and new markets tax credits, to raise significant additional funds to help finance the additional costs associated with Alternative 1.

Mr. Ken Berstein, Director of Preservation, mentioned that the rehabilitation of the Ambassador Hotel Project under any of the Alternatives will not satisfy the Secretary of the Interior's Standards of Rehabilitation, which is required in order to qualify for the 20% federal historic tax credit. He also mentioned that the rehabilitation of the Ambassador Hotel Project under any of the Alternatives will not satisfy the requirement to maintain 75% of the external walls and 75% of the internal structural framework which is required in order to qualify for the 10% federal rehabilitation tax credit.

Mr. Bernstein, also indicated that the application of prior use to Ambassador Hotel Project allows LAUSD previously used Ambassador Hotel site and can avoid prior use issue by making new construction greater than 65% of entire Ambassador Hotel Project.

Mr. Dick Sheehan, Special Counsel to the Board, commented on some of the questions that were presented by the Committee.

Mr. Womack, Mr. Bernstein and Mr. Ed Van Ginkel responded to questions by Committee Members.

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The meeting convened at 4:45 p.m.

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Recessed to Thursday, October 7, 2004 at 2:00 p.m.

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The meeting convened at 2:10 p.m. 10/07/04  
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#### IT CUSTOMER SUPPORT SERVICES: 2003-04 STATUS REPORT

Dr. Theymy Sparangis, Director of Chief Technology, made a presentation to the Committee regarding Customer Service Support Center I provide to LAUSD schools and offices. He indicated that the Help Desk is critical because of increased dependence on technology, nearly all schools and offices have the network available and are using it. Use of the network and computers have been incorporated into how employees and students perform work every day. There is a greater dependency on online resources, internet, and email to perform jobs and gather information.

Dr. Theymy Sparangis mentioned that their is goals to improve services which included IT support areas that are below the average same or next day response level. IT will continue to work with all LAUSD entities to provide a more coordinated helpdesk strategy to schools and office.

Dr. Sparangis, indicated that the Help Desk maintains ownership of reported problem and depends on the collaboration with partners to ensure that the problems are resolved. When the problem is resolved with this initial call, the ticket is closed. When problem is not resolved, a ticket number is provided to the user at the school or office and a follow up support is provided within the next business day.

Dr. Sparangis, mentioned that payment for services are apply annually to Federal E-rate Program. This total support strategy combines contracted and LAUSD technicians to provide a helpdesk and technical support for LAN component, network cable maintenance, desktop and laptop computer support, printers, peripheral devices, alarm systems, public address systems, intercom systems, radio systems, and other miscellaneous electronic equipment.

Mr. Buresch, Chief Operating Officer, commented on some of the questions that were presented by the Committee.

Mr. David Tokofsky, requested a report on the other KPMG Audit assessed areas and Elementary Report Cards.

#### LAUSD ANNUAL FINANCIAL AUDIT

Mr. Tokosky, concerns regarding one hundred and forty millions dollars of surplus money. Mr. Ken Gotsch, Chief Financial Officer mentioned that required documentation explaining and supporting any exceptions to Generally Accepted Auditing Standards and documentation supporting the conclusion that external and internal specialists are qualified in their areas of specialization.

Mr. Ken Gotsch, Chief Financial Officer, commented on some of the questions that were presented by the Committee.

#### SBE QUARTERLY REPORT/FY04YEAR END NEXT STEPS

Mr. Carey Peck, Procurement Services Group Vendor Services Manager, gave a presentation on Small Business Program Fourth Quarter & Fiscal Year-End Report 2003/2004. He indicated that extensive outreach to business and trade organizations representing the diversity of the Los Angeles area, and executed events and workshops to promote and facilitate the participation of Small Business Enterprise firms in the District's school construction program.

Mr. Peck, highlights on Information Technology contracts and Food Procurements. He commended on some of the questions that were presented by the Committee

Committee Members commended on Great Los Angeles Vendor Fair that is schedule for April 27, 2005.

Mr. Peck, commented on some of the questions that were presented by the Committee.

#### WORKERS COMPENSATION

Mr. David Holmquist, Esq. Director of Risk Management and Insurance, gave a presentation on Workers' Compensation Program. He mentioned that this presentation included a short history of the program, a summary of its status for fiscal year 2002-2003, a discussion of the initiatives to be undertaken, and a statement of the goals set for the program for fiscal year 2003-2004.

Mr. Richard Sheehan, Esq. Special Counsel to the Board. indicated that the General Funds for 2003/2004 and the Budget for 2004/2005, where claims reports by Fiscal Year 3.8% reduction in the number of claims filed in the last fiscal year. 4.4% increase in the cost of medical care which the Bureau of Labor made statistics. ms is being used and 90% cost claim from previous year.

The Office of Inspector General is responsible for:

- Detecting and preventing waste, fraud, abuse, and unethical behavior.

- Identifying systemic issues and systemic steps to reduce fraudulent or unethical activities.
- Managing the District's Fraud Hotline.
- Recommending remedies where fraudulent or unethical behavior has been found.
- Coordinating and sharing information with appropriate law enforcement officials when criminal activity is suspected.

The District management is responsible for:

- Establishing policies and systems of internal control that discourage fraudulent or unethical behavior.
- Reporting any allegations or evidence of misconduct to the Inspector General.

Dr. Sparangis, responded to comments and questions raised by the Committee.

fit Committee meeting is schedule on Tuesday, October 5, 2004 at UTLA starting at 9:00 a.m.

#### WORKERS COMPENSATION

Mr. David Holmquist, Esq. Director of Rick Management and Insurance, gave a presentation to the Committee regarding Fraud Awareness. This included different discussions with various rolls played by the Office of Inspector General, District Management Staff, and Public in identifying and reporting fraud.

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- Establishing policies and systems of internal control that discourage fraudulent or unethical behavior.
- Reporting any allegations or evidence of misconduct to the Inspector General.

Dr. Sparangis, responded to comments and questions raised by the Committee.

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Mr. Eugene and Mr. Caldwell, responded to questions raised by the Committee.

Committee stressed there concerns on the Health Welfare Benefit Committee meeting with all the Board Members. Board will have a meeting with both the committee and staff on issues on the report from Aon Healthcare Plan. November 2004, Committee would like report back for a vote.

Mr. Basalow, informed the committee that the next Health and Welfare Bene  
VALUE-ADDED AUDITS

Mr. Don Mullinax, Inspector General

#### HUMAN RESOURCES/FINANCIAL ERP SOFTWARE SYSTEMS UPDATE

Ms. Anne Valenzuela-Smith, IT Executive Administrator,

Ms. Anne Valenzuela-Smith, gave a presentation on Human Resource Financial Software Update on the Enterprises Resource Planning System. Over the next few months there will be a break down on the hundred million dollars from school district to be distributed. She gave the Committee the overview of the project and why it needs to be done. Position control, while achieving its primary goal of controlling costs, is extremely cumbersome for customers.

Ms. Valenzuela-Smith, primary goals is to reduce the costs to provide services. Dramatically improve service delivery to schools/employees. Radically improve the efficiency of District operations and there ability to managed them. Reduce/eliminate paperwork and redundant manual processes.

Ms. Valenzuela-Smith, gave samples on symptoms of service and efficiency issues. The Four Week Payroll Cycle System that deals with Human Resources, Payroll and Finance will be elevate from 20,000 payroll adjustments that are processed each pay cycle.

Mr. Tokofsky, requested a cost analyze before the next ABT Committee meeting.

Mr. Buresh and Ms. Valenzuela-Smith, responded to questions raised by the Committee.

The Committee Members expressed their comments and questions.

Auditing Standards, regulatory update on Assembly Bill 2834 added new Education Code provisions regarding annual audits of Local Educational Agencies commencing with the 2003-04 fiscal year. This overall audit is to assess the risk that financial statements may contain a material misstatement.

Mr. Ray, indicated there is a list of Governmental Accounting Standards Board pronouncements that have and will have an ongoing impact to the District.

Mr. Buresh, indicated that the initial audit kickoff briefing of all manger departments. A draft schedule is already establish to do the detailed work.

Mr . Lauritzen requested an interim report, so questions can be raised on the next committee meeting.

The Committee Members expressed their comments and questions.

Mr. Ken Gotsch, Chief Technology Director, Educational Technology Group

- Requested that Mr. Holmquist, Director of Risk Management and Insurance Services provide an updated Organization Chart on the expansion.
- Requested an update on the next Workers' Compensation meeting on the Sedgwick Billing patterns.
- Requested an overview on various liability claims issue.
- Requested that Ms. Mildred Miyazaki, update the committee on how much was raise in the restitution on the last couple of years.
- Requested that Ms. Wells, update the committee with a presentation on the school that have the best and worst meals.

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The meeting adjourned at 3:00 p.m.  
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BOARD OF EDUCATION OF THE CITY OF LOS ANGELES  
Governing Board of the Los Angeles Unified School District

Meeting Agenda for the  
Augmented Audit, Business, and Technology (ABT) Committee

Tuesday, October 5, 2004, 3:00 PM  
333 South Beaudry Avenue, Board Room  
Los Angeles, CA 90017

Committee Members  
Committee Contact Person

David Tokofsky, Chair

Ana M. Lasso

Marlene Canter

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Superintendent's Representative

Timothy Buresh, Chief Operating

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Officer

## INFORMATION ITEMS – Oral presentations with or without written documents

### 1. IT Customer Support Services: 2003-04 Status Report

Dr. Themy Sparangis (Chief Technology Director, Educational Technology Group) will present the status and progress of providing IT support to schools and offices.

### 2. LAUSD Annual Financial Audit

Mr. Ken Gotsch (Chief Financial Officer) and KPMG representatives will continue the presentation of the overview of the audit work plan and timelines.

### 3. Workers Compensation

David Holmquist, Esq. (Director, Risk Management and Insurance) is making a presentation on the District's workers compensation program.

### 4. SBE Quarterly Report/FY04 Year End Next Steps

Mr. Carey Peck (Procurement Services Group Vendor Services Manager and District Small Business Enterprise [SBE] Program Coordinator) and Ms. Veronica Soto (Facilities Services Division SBE Program Manager) will present the 4th quarter FY 03/04 SBE utilization report as well as year end data.

### 5. Value-Added Audits

Mr. Don Mullinax (Inspector General) will summarize the results of some recent OIG internal audits and discuss how audit results add value to the District.

### 6. Human Resources/Financial ERP Software Systems Update

Ms. Anne Valenzuela-Smith (IT Executive Administrator) will provide an update on the Human Resources and Financial enterprise system.

### 7. Central Los Angeles Learning Center No. 1 (Ambassador site) and Tax Credits

Jess Womack, Esq. (Assoc. General Counsel, Facilities Team) will present a report on the Central Los Angeles Learning Center No. 1 (Ambassador Hotel site) and the potential use of historic tax credits.

Mr. Ken Bernstein (Director of Preservation Issues, Los Angeles Conservancy) will present on use of historic tax credits.

## OTHER ITEMS

### 8. Items Referred to the Committee by the Board of Education or Committee of the Whole

The Committee may consider and act upon motions, Board Reports, or other business referred to it by the Board of Education or Committee of the Whole, with respect to any properly posted matter at a meeting immediately preceding this committee meeting, where the time between that meeting and this committee meeting is less than 72 hours. Members of the public are encouraged to review the order of business or agenda for the meetings of the Board of Education or Committee of the Whole.

### 9. Public Comments

Persons who wish to address the Committee may sign up at the meeting.

For more information on the Audit, Business and Technology Committee, go to:

<http://www.lausd.k12.ca.us/bfat>