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DAVID H. YAMASAKI
Chief Executive Officer, Clerk,
Superior Court of CA County of Santa Clara
BY D. ALDYCKI

July 17, 2009

The Honorable Jamie Jacobs-May
Presiding Judge, Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

Dear Judge Jacobs-May:

The West Valley-Mission Community College District received the Santa Clara County Civil Grand Jury Report concerning Hours by Arrangement dated May 29, 2009. This letter is the response of the District to the findings and recommendations contained in the report.

Finding 1

Prior to October, 2008, there did not exist a statewide standardized procedure for the accurate accounting and verification of HBAs.

District Response to Finding 1

Agree. General instructions have been developed and distributed by the Office of the Chancellor, California Community College System (State Chancellor) for the reporting of enrollment for purposes of receipt of state apportionment income. On January 26, 2009, the State Chancellor sent specific instructions for reporting Hours by Arrangement. On June 10, 2009, a second memorandum was sent. Those documents are attached. The District is fully compliant with instructions for reporting enrollment for purposes of receipt of state apportionment income.

Finding 2

At Mission College, there had not been consistent review of HBAs over time to ensure all faculty and staff were clear as to their implementation.

West Valley conducted a comprehensive review of HBA practices and accounting in 2005, which resulted in its documentation of courses that carry HBAs.

There were several different terms employed within the District to refer to HBAs, making it difficult to decipher the number of hours offered.

Board of Trustees

District Response to Finding 2

Agree. In the past, documentation of HBA enrollment reporting was inconsistent and in some cases not done. These discrepancies have been corrected.

Finding 3

The required yearly financial audits did not include an adequate inspection and evaluation of the district's system of internal control over its financial reporting with regard to reported enrollment in HBAs per class. The audit did not employ a sufficiently rigorous examination of FTES accounting used to calculate apportionment. The level of depth in the audit was insufficient to uncover the long-term and ongoing deficiencies in the method of determining HBAs and the FTES that were claimed on the basis of that determination.

District Response to Finding 3

Agree. The District contracts for an annual Financial Audit performed by an independent audit firm pursuant to requirements of state law and Audit Manual instructions promulgated by the State Chancellor and State Department of Finance. Audit Manual instructions provide for a sampling of enrollment reporting accuracy and documentation. Past Audits did not reveal a problem with HBA enrollment reporting. The Resolution Agreement between the District and the State Chancellor obligated the District to perform special focused independent audits of HBA enrollment reporting. Special audits will be done.

Finding 4

As a result of incomplete HBA documentation, the District is required to repay the state \$5,644,227.

District Response to Finding 4

Agree. The Resolution Agreement requires that the District repay the State in the amount of \$5,644,227. The District has repaid \$5,150,739 to date. The balance of \$493,488 will be paid to the State over the next two years pursuant to terms of the Resolution Agreement.

Finding 5

As of the date of this report, Mission College has eliminated all unscheduled HBAs. West Valley College has continued offering supplemental hours of instruction utilizing procedures in compliance with Title 5 of the California Education Code.

The West Valley-Mission Community College District now utilizes a multi-page form all faculty must complete before making supplemental instructional hours part of their courses. The Grand Jury believes that the District is now providing adequate documentation of supplemental hours, and careful accounting of FTES.

District Response to Finding 5

Agree. The District is now providing proper documentation of HBA enrollment.

Recommendation 1

The West Valley-Mission Community College District should adhere to the terms outlined in the *Resolution Agreement* of December 5, 2008.

District Response to Recommendation 1

The recommendation has been implemented. The District has adhered to the terms of the Resolution Agreement.

Recommendation 2

The District should conduct a yearly review of its catalog, course outline, and syllabi to ensure information on supplemental hours of instruction is identical.

District Response to Recommendation 2

The Recommendation has been implemented. The District does perform annual and semi-annual reviews of college catalogs, course outlines, and syllabi to ensure that information on HBA is consistent and correct.

Recommendation 3

The yearly financial audit should focus in particular on the treatment of supplemental instructional hours and the FTES claimed, beyond the time frame stated in the *Resolution Agreement*. Those charged with the audit should be thoroughly trained as to what their investigation should cover, what their findings should include, and the response they are required by Code to demand from the District

District Response to Recommendation 3

The Recommendation has been implemented. The contract for independent audit services provides that a special focused audit of HBA enrollment reporting will occur annually and the audit staff assigned to this task are properly trained to perform this work.

The above responses were approved by the West Valley-Mission Community College District's Board of Trustees at its July 16, 2009, meeting and are respectfully submitted.

Sincerely,



John E. Hendrickson