

# ECM/A/T

FISCAL CRISIS  
& MANAGEMENT  
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## Extraordinary Audit

*of the*  
**Compton Community College District**

Fiscal Years 2003-04, 2004-05

**Submitted by the Fiscal Crisis  
& Management Assistance Team**

*with the assistance of*

**Kessler International**

*November 2006*



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# Introduction

## *Background*

The Compton Community College District (CCCD) is located in the city of Compton, Los Angeles County, California. During the audit years, Compton Community College provided post-K-12 educational services to residents of its service area encompassing 29 square miles.

The Chancellor of the Community College system appointed a State Trustee in spring 2004 fiscal year as his designee to administer the college. On May 7, 2004, the Chancellor of the California Community Colleges requested the Los Angeles County Superintendent of Schools to assign the Fiscal Crisis and Management Assistance Team (FCMAT) to conduct a fiscal health analysis of the Compton Community College District (CCCD). In addition, the Chancellor asked that FCMAT conduct an extraordinary audit of specific matters pertaining to the management of the district's resources. Under the authority of California Education Code Section 1240, FCMAT was assigned to perform this fiscal health and extraordinary audit study.

On October 15, 2004, the Fiscal Crisis and Management Assistance Team (FCMAT) issued its management review of the Compton Community College District to the California Community Colleges. Subsequently, in spring 2005, FCMAT was requested to conduct a follow-up progress report for the CCCD. FCMAT selected 45 of the original recommendations made in the October 2004 report as key elements for the district's recovery. These were targeted for further review in the follow-up progress report. The recommendations that were selected focused primarily, although not exclusively, on areas with some financial implication for the district's current and future year budgets. The assessment of the 45 selected recommendations was presented in a report to the Chancellor on June 9, 2005. These reports can be found on the FCMAT Web site, <http://www.fcmat.org>.

On June 30, 2006, Assembly Bill 318 was signed into law. AB 318 provided a state loan of \$30 million to the Compton Community College District. The legislation also required the Fiscal Crisis and Management Assistance Team to conduct an extraordinary audit of the CCCD's finances focused on an examination of alleged fraud, misappropriation of funds, or other illegal fiscal practices. FCMAT issued a Request for Applications (RFA) to solicit applications from qualified individuals and organizations to conduct this audit.

The Accrediting Commission for Community and Junior Colleges (ACCJC) also found that Compton Community College did not meet accreditation standards, and moved to formally withdraw accreditation from the college in August 2006. The CCCD has worked to provide uninterrupted educational services for the students by partnering with another accredited community college, the El Camino Community College.

Kessler International, an investigation firm with headquarters in New York, was selected to perform the audit, which focused on an examination of alleged fraud, misappropriation of funds, or other illegal fiscal practices, as authorized by state Assembly Bill 318 (Dymally), Chapter 50, Statutes of 2006.

In addition to its stated findings, the audit found a significant number of areas that may require further investigation. This audit provides both findings and recommendations to the CCCD for improvement and recovery.

## *Audit Scope and Methodologies*

Kessler International was required to assess the condition of the finances of the Compton Community College District and to complete a full analysis and report that was consistent with readily accepted professional methodology and/or the accepted FCMAT protocol. Kessler functioned as a subcontractor to conduct an in-depth financial audit to determine any instances of fraud, misappropriation of funds, or other illegal fiscal practices that may have taken place in the Compton Community College during the 2003-04 and 2004-05 fiscal years. If fraud was determined to have occurred, the investigation of the areas would be extended to include two additional years.

The review of the CCCD's finances included but was not limited to the following areas:

1. A review of payroll and benefits irregularities with particular attention to tracking absence, vacation and sick leave.
2. A review and analysis of independent contracts during the 2003-04 and 2004-05 fiscal years.
3. A review of teacher/student issues for irregularities:
  - Assignment of teachers to teach more than one class at the same time
  - Enrollment of students in two classes at the same time
  - Awarding of grades and/or diplomas to nonstudents
  - Issuing of general education diplomas for high school graduation
  - Determining whether financial aid eligibility requirements are met or whether applications are falsified.
4. A review and analysis of appropriateness of apportionment claims for FTES.
5. A review of inventory and a determination if college equipment is removed for personal use. A determination if private work is being performed by individuals or departments using college assets.
6. A review of breach of confidentiality issues such as the unauthorized access to personal e-mail accounts, or the opening and resealing of central office mail.
7. An analysis of past and continuing practices that contribute to fraud and/or misappropriation of funds, with recommendations for remedy.

During the audit, current and former Compton Community College District employees and vendors were interviewed, and documents such as flowcharts and department manuals were reviewed to determine method of operation and sources of funding. Because of the high volume of transactions involving the reporting of full-time equivalent students (FTES), grades and the number of financial transactions that took place, the review of certain transactions was automated. Areas of concern and targeted specific areas were reviewed based on judgmental sampling.

A considerable number of academic and business records were reviewed. However, the overall condition of record maintenance at the district was extremely poor. Various records from several departments were incomplete and, in some cases, were in a state of disarray. Many official documents took a considerable time for the staff to produce, and some documents, such as months of cancelled checks removed from bank statements, were tossed into boxes. The only explanation for this practice was that the clerk “hadn’t gotten around to reconciling the statements.” In addition, numerous records were missing, making it impossible to track the district’s accounting practices and detect fraud. Additional areas of concern became apparent throughout the course of this audit and are detailed in this report.

## Executive Summary

Significant flaws exist in the Compton Community College District's processes in many areas of college operations. This report has surfaced a number of problem areas that the CCCD must address immediately. This review was limited to a particular scope of work and to a specific two-year time period. However, the auditors believe the problems may be more pervasive and longer standing.

### *FTES Apportionment*

There are serious concerns in the area of student attendance monitoring and instructor accountability. The claims for Full-Time Equivalent Students (FTES) apportionment have been overstated for the audit period 2003-04 and 2004-05. The audit revealed that "ghost" students, instructors and classes were included in the calculations for FTES apportionment. The legitimacy of the courses offered through the entity known as Concerned Citizens and the students claimed for FTES apportionment are questionable. Documentation shows the student enrollment to be significantly less than the amount claimed for FTES apportionment.

Many instances of questionable and perceived fraudulent practices occurred regarding Compton Community College students, including the assignment of multiple identification numbers to the same student, reporting individuals with the same name taking the same class simultaneously, and allowing students to take a class multiple times after a "satisfactory" grade had previously been awarded. There was a complete lack of accountability and oversight by the Admissions Office, MIS Department and Counseling Staff of the College. Instructors also were frequently scheduled to teach two or more concurrent or overlapping classes at the same time. It could not be determined if many of these classes were actually held.

### *Financial Aid*

It is questionable whether many of the documents submitted by students to receive financial aid are legitimate. Some tax returns were prepared by preparers to understate income so that students could become eligible for fee waivers or other financial aid. In addition, financial aid funds were not monitored by CCCD personnel to ensure that students who became ineligible returned the funds. The records maintained by the Financial Aid Office were in a state of complete disarray or missing.

### *Asset Inventory*

Serious flaws exist in the monitoring and tracking of CCCD assets. A large amount of computer and electronic equipment purchased between 2003-04 and 2004-05 could not be located by the MIS Department. Most of the pieces of a valuable art collection is allegedly stored in an off campus storage unit that reportedly is not climate controlled and could result in destruction to the artwork. A few of the pieces were located inside a vacant Compton College campus office.

Police badges are missing from the district's Police Department. Additionally, an abandoned safe utilized by the district Police Department contained evidence, contraband and other items, including weapons.

## ***Independent Contractors***

A majority of the CCCD's independent contracts, including contracts with vendors and consultants, had inadequate supporting documentation. Pertinent information was often missing and funds were approved even without the required documentation. Many consultants were also employees of the CCCD. A review of the 1099s reflected that certain consultants did not receive a 1099 for the funds disbursed to them. Some consultants who were also employees were being compensated directly through the Associated Student Body and the College Development Foundation, which also failed to issue 1099 forms for the compensation they received.

## ***Payroll***

Documentation regarding employee payroll was extremely disorganized, and many records could not be located. The methods for tracking employee attendance were insufficient. Shortcomings were noted in the ability to track and monitor employee payroll and benefits. Many employees were receiving payments in addition to their salary for work performed during their regular district employment hours. In addition, employees frequently leave campus for hours at a time, and some allegedly work for other employers. Time-off requests were not submitted or filed, demonstrating a complete lack of oversight by management.

## ***Payments to Vendors***

Questionable transactions and payments were made to various vendors and individuals. There was inadequate documentation supporting many of these payments. The binders containing issued warrants provided by the district's Business Office did not correspond with the disk of warrants provided by the Los Angeles County Office of Education.

An individual known in this report as Subject 8 admitted to being a party to an agreement for the rental of classroom space that was to be used to increase the FTES claims.

There is conflicting information and circumstances surrounding the purchase of computer equipment from Metronome, which warrants a closer look at other transactions that have taken place in the MIS Department. An analysis of the inventory of computer equipment throughout the campus demonstrates that exorbitant funding was used to purchase computer products and electronic equipment.

## ***Student Programs***

Fraud appears to have occurred involving funds of the CalWORKs program. Certain students who did not appear at work, were still fully compensated. Employers frequently did not pay for the students who performed work at their establishments. In addition, district employees (e.g., Subject 104) removed vital records from the campus, and another employee, Subject 74, was reported to have disposed of a large number of program records before they could be reviewed.

Funds issued to the Upward Bound program may have been misused and/or fraudulently spent for non-educational purposes such as trips to Hurricane Harbor, Magic Mountain, Medieval Times and for tickets to a Los Angeles Sparks game.

An employee of Kollege for Kids may have misused funding delegated to the program. Funds were utilized for the reimbursement of large quantities of food, gas and for other larger purchases such as fireworks, GPS tracking equipment used by land surveyors and multiple storage units.

### ***College Development Foundation***

The College Development Foundation was used to pay employees nontaxable income. Money also was deposited to the Development Foundation from the district almost every time space was rented for auxiliary events and services. The Foundation issued several checks payable to cash, but the individuals who received them were unknown. The Development Foundation failed to report all its assets and investments as required by the Internal Revenue Service. Title V is a function of the Development Foundation and the employees of the Foundation are paid with Title V funds.

School facilities are frequently rented, and the income is deposited in the Development Foundation. However, the income associated with renting facilities at the district was not reported in the books of the district or the Development Foundation. On many occasions, the rental fees were waived by district administrators. The employees staffing many events were often compensated in addition to their normal salaries. CCCD written policies for renting district facilities are insufficient.

### ***Associated Student Body (ASB)***

A considerable number of checks issued through the ASB were indicated as a miscellaneous expense. A considerable amount of records regarding ASB bank accounts were in complete disarray and many were missing. The ASB was routinely used inappropriately to make nontaxable payments to district employees, many of which were unsupported based on the records made available.

### ***Other Issues***

The auto repair and collision shops located in the VoTech building appear to be used by instructors and students for personal gain. It is alleged that individuals may be receiving monetary compensation for services performed at these facilities. In addition, the students listed as being enrolled in AUTO courses could not be accounted for. Furthermore, a review of student transcripts found that students were frequently listed as repeating AUTO courses many times.

A former employee of the district, Subject 142, was ordered by permanent injunction issued by the Superior Court in Los Angeles to refrain from offering high school classes and high school diplomas and to pay restitution to consumers, the state and the county of Los Angeles in the amount of \$500,000. This was a civil matter and did not involve either arrest or criminal charges.

The report contains other issues surfaced during the audit that were outside the scope of the audit and were therefore not researched in-depth in the time allotted for the audit. Additional investigation may be necessary to follow-up on those issues.

The report provides recommendations to the Compton Community College District to address the audit findings. The auditors recommend that this report be submitted to the proper authorities, including the district attorney's office.

## *Review and Analysis of FTES*

To review the appropriateness of apportionment claims for FTES, various records were requested from the Compton Community College District Business Office, MIS Department, Admissions Office and the President's Office. In addition, several employees were interviewed regarding FTES calculations. The MIS Department and Admissions Office were unable to answer many of the questions posed by the audit team.

Interviews indicated that it was common practice to list many students on class rosters even though they never attended a class. These students were never removed from class rosters. In addition, many off-campus and distance education classes apparently never took place because when site visits were made by the auditors to those locations, no students or professors were present.

Work papers provided by the MIS Department included several questionable items that warranted additional investigation. Since the audit scope encompassed the school years 2003-04 and 2004-05, it was questionable that the instructor for 1,768 classes was listed as "Staff" on the grade report provided by the MIS Department. Staff members offered little explanation other than the fact that the term "Staff" is used when the instructor is unknown. Copies of approximately 50 C-List section rosters for some of these courses also listed "Staff" for each section. A C-List section roster is a listing of all students who attended a course that includes dates for enrollment and dates in which the class was dropped. A request was also made to the Admissions Office for grade collection forms and/or census checklists, but staff members indicated that it would be nearly impossible to locate those records without the name of the actual professor because they are filed by professor.

An instructor known as Subject 1 taught 636 classes. Subject 2 indicated that according to the MIS Department, the classes taught by Subject 1 were the result of a computer glitch that occurred when the old system was replaced with the "Protocol" computer system. When this change occurred, the system assigned the name of "Subject 1" to any class that was not assigned an instructor. The MIS Department could not provide a plausible explanation as to how or why this name was chosen. The department also could not clearly explain why the FTES work papers contained both Subject 1 and "Staff" for professors.

An analysis of the FTES work papers determined that Subject 1 was also listed as a professor of various other courses including psychology, child studies, history, math and English. Human Resources confirmed that there was no Compton Community College faculty member by the name of Subject 1. Further investigation applicable to Subject 1 revealed that there is an actual professor who teaches cosmetology classes by the name of Subject 3, a name similar to the name of Subject 1.

The explanations provided by both the MIS Department and the Admissions Office failed to explain the circumstances surrounding the use of "Staff" and Subject 1. An in-depth investigation must take place to determine whether these classes were actual classes with legitimate students because these students were claimed for FTES apportionment.

The calculation used to determine the enrollment for a particular class was based on a class roster at the date when a census was taken. A review of the C-List rosters shows that many students appear to drop a course the day after the census date used to calculate FTES enrollment. It also appears that many students in individual sections dropped several courses at the same time. The day that students dropped a particular class varied depending on the class. An analysis of these documents found questionable drop dates and enrollment calculations for FTES apportionment and therefore, additional investigation into these calculations is necessary.

To test the appropriateness of the apportionment claims, samples of C-List section rosters, grade collection forms and census checklists were reviewed. In some instances, students included on the C-List section roster did not match the census checklist. For example, the C-List section roster included 67 individuals who took a specific course. However, a large number of students included on the C-List section roster were not included on the census checklist. Additionally, the grade collection form did not include the same students. Only two of the students dropped the course, and 67 individuals were claimed for FTES apportionment.

Subject 26 reviewed an example of a C-List roster provided by the Admissions Office. He indicated that he had awarded only 14 grades in that class, which corresponds to the number of grades indicated on the grade list provided by the MIS Department. He also indicated that 14 students on the C-List roster should have been dropped from the course, but were listed as active in the records reviewed. Since there is no indication of when these 14 students actually dropped the class, it is impossible to determine whether they were appropriately charged in the FTES calculation. This is a significant concern because several professors indicated that students would frequently appear on class rosters that never attended class. The professors also explained that after they crossed out students from the census checklists, their names would reappear on the grade roster.

An analysis of a C-List roster applicable to a class called LRND 200, Section 5128, located in "LRNC," indicated that 1,567 students were registered for the course, and none of them dropped the course. However, a typed memorandum from Subject 2 indicated the entire class was the result of a computer "glitch" that was supposed to have been resolved by personnel from the MIS Department. Subject 2 stated that the personnel from Protocol who were installing the system were ordered to leave the campus by the MIS Department and were unable to complete much of the work assigned to them. FTES work papers provided by the MIS Department indicated that 1,563 of the 1,567 students were reported for apportionment and were calculated using the positive attendance accounting method. The FTES work papers reflect that the class met for 107 days, and the students spent a total of 14,799 hours in the class. Since these numbers were entered into the FTES work papers that directly correspond to the amount claimed for apportionment, it is likely that the MIS Department was aware of this problem, but did not take the appropriate steps to address it.

An analysis of the FTES work papers found that a high number of courses were offered at off-campus locations, mainly high schools, during the years reviewed. A high number of these classes were indicated as “TBA” (To Be Announced), but were never changed after the class was finalized. Most of these courses were taught by “Staff” or Subject 1. This again raises significant concerns as a result of the review and comparison of the C-List rosters previously discussed.

Concurrent enrollment in physical education classes is limited as stated by the California Education Code as, “no more than 10 percent of its enrollment may be comprised of special part-time or full-time students.” An analysis of the FTES work papers found that many physical education classes were offered and claimed for apportionment with more than 10% high school students. For example, in the Fall of 2003, PE 23 was taught by Subject 4, and 21 of 24 students were indicated to have been high school students. Many classes appear to be in violation of this section of the California Education Code. The FTES work papers reflect that the status of a huge number of the students were labeled as unknown. Based on the number of students listed as unknown on the records provided by the MIS Department, the exact number of inappropriate apportionment claims cannot be determined.

## **Conclusions**

There were significant flaws in Compton Community College District’s processes to monitor student attendance and professor accountability. “Ghost” students, professors and classes were included in the calculations for FTES apportionment. The high number of classes that were indicated as being taught by “Staff” and Subject 1 are suspect. Various documents provided by the Admissions Office and the MIS Department contradict each other. Physical education courses included mostly high school students, yet the entire class was claimed for FTES apportionment. Therefore, the claims for FTES apportionment are overstated for the audit period 2003-04 and 2004-05. The audit team also briefly reviewed attendance reporting during the previous two years (2001-02, 2002-03) and discerned a similar pattern occurring.

## **Recommendations**

*The Compton Community College District should:*

1. Conduct additional analyses and investigation to determine the legitimacy of “off campus classes” and to determine if anyone actually taught classes indicated on the records as “Staff” and Subject 1.
2. Identify all CCCD personnel that participated in overstating FTES claims and take appropriate administrative and/or legal measures.
3. Establish a better audit trail to ensure accountability by the individuals responsible for calculating FTES apportionment. This will allow future audits to be conducted more efficiently and allow access to all pertinent records so that timely determinations may be made as to the legitimacy of apportionment claims.



## *Concerned Citizens*

A review of the accounts payable files for the audit period located documentation applicable to an entity known as Concerned Citizens. Significant funds were paid to this entity for providing classrooms, educational accommodations and facilities. A review of the contracts with Concerned Citizens dated August 16, 1999 and November 1, 2000 indicated that the entity was to assist in recruiting, providing facilities, registering students in the Child Development Program, coordinating record-keeping efforts and grading students. Compensation to this entity was based on the number of FTES enrolled in the Child Development Program, and the consultant was not to be paid for any student who dropped a course. The contract further states that the recording of weekly student contact hours of instruction shall be based on positive attendance accounting and that the contractor shall provide qualified professors of record to conduct the courses.

A review of invoices and supporting documentation for Concerned Citizens raises significant issues. As previously stated, the contractor was to provide and compensate professors of the program and it has been determined that some of the professors were in fact faculty members of CCC. An analysis of a spreadsheet included in the August 2003 invoice from Concerned Citizens found that a column listed as number enrolled on the C-List included a number that was often much less than the apportionment claimed as reflected in the FTES work papers provided by the MIS Department. For example, the enrollment claim for FTES for CHLD 13, section 4553 was 42 students. According to the spreadsheet submitted with the invoice, the number of students enrolled on the C-List was 19. The actual C-List roster contained 19 students and indicates that two students withdrew from the class.

There are serious concerns over the accuracy of apportionment claims for all courses conducted as a result of the contracts with Concerned Citizens during the contract period August 1999 through February 2003. Since the contractor was paid according to the number of students actually enrolled in each course, thus boosting the FTES claim, this created an environment in which all the involved parties would benefit from increasing the FTES numbers. Since the contract called for the consultant to be responsible for all administration of records, and there was no apparent oversight by CCCD, this clearly raises concerns about the validity of these apportionment claims. The documentation provided the team indicated that Subject 5, Subject 6, Subject 7 and Subject 47 were the CCC parties involved in this contractual relationship. Subject 145 signed for Concerned Citizens.

When the arrangement with Concerned Citizens ceased, another similar arrangement was established with Universal Mass Communication Enterprises, Inc. in December 2004 and May 2005. This situation is addressed separately in this report under the section titled "Subject 8." Both of these entities should be further investigated.

## **Conclusions**

The auditors have serious concerns over the legitimacy of the courses that were offered through Concerned Citizens and the students claimed for FTES apportionment. Documentation submitted with the Concerned Citizens invoices shows the student enrollment to be significantly less than the amount claimed for FTES apportionment. The individuals affiliated with Concerned Citizens who managed this program, Subjects 5, 6, 7, 47 and 145, were responsible for all record maintenance, thus an overstatement of FTES appears to have taken place at CCC.

## **Recommendations**

*The Compton Community College District should:*

1. Conduct a full audit of all “off campus classes” to determine whether students actually attended those classes.
2. Identify the exact overstatement of students in the FTES apportionment. It is imperative that the CCCD reviews all related documentation for accuracy and student attendance.
3. Ensure all student and class records are administered by employees of CCCD if agreements are drafted similar to this in the future.

## Subject 8

Subject 8 was an instructor at Compton Community College in the Journalism Department during the audit period and is currently an instructor with the El Camino College Compton Center. The audit team heard numerous allegations that during his employment at the district, he utilized students to develop a private newspaper, that he charged the district directly through ASB for a college newspaper that many interviewees told the auditors had not been produced, and that he charged the district exorbitant fees to rent classroom space. A background investigation of Subject 8 was conducted and found that Subject 8 formed a number of entities in 2002 – 2004 including:

- Southeast Sun
- Universal Mass Media Center, Inc,
- Universal Mass Communication Institute, Inc.
- Universal Mass Communication Foundation, Inc.  
(a public benefit corporation)
- Universal Mass Communication Enterprises, Inc.  
(A database search of the company listed an individual with the same last name as Subject 8 as the agent for this company. The listed agent's first and middle names are the middle and first names of Subject 8 in reverse order. The auditors believe that Subject 8 switched his first and middle names when he filed this corporation. A search of numerous other databases indicated no person with the name of the listed agent.)
- Mass Media Center

Thousands of dollars were paid directly to Subject 8 through the ASB fund, and \$242,480 was paid to Universal Mass Media Center from the district between February 2005-June 2006. According to former CCC employees, these payments were for the rental of non-existent classroom space. Photos of visitors to the facility and students in the classrooms were subsequently submitted. Documents reviewed during the audit include an agreement between CCC and Universal Mass Communications Enterprises, Inc. to produce the Tartar Shield Newspaper. The agreement is signed by Subject 122 as vice president. Subject 122 is listed as the vice president of a number of the corporations owned by Subject 8. The invoice for the service indicates the check is to be made payable to Universal Mass Media Center, Inc. and a provision of the contract is that "UMCE" is not an employee of the college.

An agreement between CCCD and Universal Mass Communications Enterprises, Inc. ("UMCE") dated May 26, 2005 indicated that UMCE moved its operation from 2680 E. Imperial Highway to 2620 Industry Way Suites E&F. The agreement also references that "due to an accelerated and urgent need of the District to meet FTES objectives, the District desires to implement and conduct academic and vocational classes in the form of programs at UMCE's Facilities."

CCCD paid UMCE for the rental of classroom facilities at 2620 Industry Way and 2680 E. Imperial Highway. Invoices indicate the charge of \$9000.00 per month for the rental of this space. These payments total more than \$232,000. Investigation found that the property at 2620 Industry Way is owned by Economic Resources Corp., a public benefit corporation operated by Subject 123. No land records or any information applicable to 2680 E. Imperial Highway could be located.

Telephone calls were placed to Subject 8 at CCC and his residence, but these calls initially were not returned. Immediately prior to the conclusion of the audit team's work, a return telephone call was received from Subject 8, who confirmed that he is the President of Universal Mass Communication Enterprises, Inc. Subject 8 stated that the company provided space for courses including ESL, GED and child development classes. He stated also that CCCD had similar agreements with other cities, including Paramount and Carson.

When Subject 8 was questioned about why he acted as a "middle man" since he is not the owner of the property that he leased to CCCD, he became extremely angry and said the matter should be taken up with the lawyers for Universal Mass Communication Enterprises, Inc. He suggested that contact be made with a woman named Subject 122, who is the vice president of a number of the corporations linked to Subject 8. He refused to provide the name of his lawyer or law firm.

## **Conclusions**

Subject 8 charged CCCD through the ASB for a newspaper that many interviewees reported had not been produced. The CCCD has since indicated that some papers were produced. Subject 8 admitted to being a party to the agreement between UMCE and CCCD for the rental of classroom space that was to be used to boost the FTES claims. California Government Code Section 1090 "prohibits public officials from making contracts in which they have a financial interest." This prohibition "applies to virtually all state and local officers, employees and multimember bodies, such as boards and commissions, whether elected or appointed, at both the state and local levels."

## **Recommendations**

*The Compton Community College District should:*

1. Conduct further audit work and investigation to determine the extent of fraud involved regarding these "off campus classes" whose purpose, according to the contracts, was to boost FTES claims. The audit should also determine at whose direction these FTES statistics were established and reported.
2. Conduct further interviews if possible with UMCE and the CCCD personnel involved in the transaction, and submit findings to appropriate legal authorities for action to be taken against individuals who participated in the agreements illegally.

## Review of Student Issues

An Excel data file titled “Grade Instructor Load Report” contained separate worksheets for both student grades and professor schedules for fiscal years 2003-04 and 2004-05. An analysis was performed of tests from all grades given to students from July 1, 2003 to June 30, 2005 to determine any patterns that might exist. In addition, the data was analyzed to determine if there were double enrollments, fictitious students, or any other recognizable pattern in the students’ grades.

An analysis of a sampling of student grades during the Fall 2003 semester found a number of students with very similar names taking the same class.

It appears that fictitious names were used to achieve an overstated student roll based on similarities to actual student names. The students with very similar names took the same classes and earned the same grades. Since the student identification number assigned to each student is based on the timing of enrollment, each pair of students would have had to be nearly consecutively enrolled before the start of the semester.

Student Name	Student Identification Number	Instructor	Number of Same Classes Together
Subject 9	2307851	Subject 15	3
Subject 10	2307847	Subject 15	3
Subject 11	2307333	Subject 16	1
Subject 12	2307340	Subject 16	1
Subject 13	2307921	Subject 15	3
Subject 14	2307914	Subject 15	3

There were several instances in which the same first and last name were listed two or more times in the same classes, but had different student identification numbers. The classes for a majority of those instances had Subject 15 as the instructor, and no grades were given to those students as evidenced by an RD listed in the data grade column. The following chart below indicates several examples of this occurrence.

Student Name	Student Identification Number 1	Student Identification Number 2	Student Identification Number 3
Subject 17	2201815	2307783	2200318
Subject 18	2310295	2307886	2307764
Subject 19	2307141	2307823	
Subject 20	2207933	2207933	
Subject 21	2306571	2207333	9410636
Subject 22	2108381	2305831	
Subject 23	2106253	2207183	
Subject 24	2210806	2307507	2308071
Subject 25	9706941	2206312	9905795

A computer printout of the data file received from a CCCD representative of the entire grade pool of 71,923 names showed that 506 sets of students had the same names, with multiple student identification numbers. Those students enrolled in a total of 3,312 classes during the scope period. The number of occurrences and fact patterns as demonstrated in the previous table raise the strong probability that the majority of the classes credited to at least one of the student identification numbers is fraudulent.

A review of the Fall 2003 semester found a student with the name “??Unknown, Dummy” with a student identification number of 2307869. A comparison with the FTES work papers indicated that this student was claimed for apportionment in two classes during the Fall 2003 semester.

An analysis was conducted to determine if students were documented as taking the same class more than once in the same semester. This analysis found that on 235 occasions, students with the same identification number took the same class more than once during the same semester. Because of those results, students in the FTES files were sampled, and it was determined that students were counted more than once in all cases.

According to the CCC 2005 – 2007 catalog, “College regulations regarding course repetitions as required by Section 58161, Title 5, Administrative Code effective Fall semester 1983 states apportionment shall not be allowed for the attendance of a student in a course in which the student has previously received a grade from CCC, except under the following conditions:

The student is repeating the course to alleviate substandard work that has been recorded on the student’s record. The term ‘substandard’ shall be defined as course work for which the grading symbol ‘D’, ‘F’, or ‘NC’ has been recorded, or:

The district finds that the student’s previous grade is, at least in part, the result of extenuating circumstances beyond the control of the student... Proving all of the following conditions are met.

- There is a need for review or updating content or skills.
- It has been at least one semester since the course was completed.
- Repetition of the course is approved by a counselor prior to registration.”

An analysis was performed to determine whether students with the same identification number repeated classes regardless of semester. The analysis revealed that on 2,851 occasions, students took the same class at least twice.

Further analysis was performed to determine if any courses were repeated by students who received an “A”, “B”, or “C” in their initial classes. This analysis found a high number of repeated classes, amounting to 1,024 during the scope period. A sample of these findings was compared with the FTES files, and in all cases, repeated courses for each student appeared to have been counted more than once for FTES apportionment.

At the end of each semester, instructors are required to submit to Admissions and Records grades for each student in each class that the instructors have taught. If an instructor fails to submit the students' grades, Admissions and Records enters an "RD" (Report Delayed) pertaining to the specific course next to the name of each student for whom a grade was not received. If the instructor eventually submits grades for his or her students, the "RD" next to the student's name is replaced with a letter grade.

An analysis performed on grades revealed a correlation from an "RD" listed in the grade column to earlier studies involving similar names, duplicate student names, and/or differing student identification numbers. The data that was compiled indicated that 1,277 students received multiple "RDs."

The instructors with the most "RDs" associated with their names include Subject 15, Subject 1, Subject 4, Subject 26, Subject 27, and "Staff." Additionally, the courses with the most "RDs" include CSMT 1, COUN 10X, CSMT 2, STSK 1, MATH 2C, and PE 23.

This audit disclosed several patterns applicable to the occurrence of "RDs" related to Subject 15. Each student would receive three "RDs" at a time in the same three courses (COUN 10X, STSK 1, STSK 4). Additionally, a substantial pattern exists regarding the student identification numbers of the students taking those courses. Of the 829 students who received an "RD" more than once, there were 757 instances in which the identification numbers of the students fell within three of each other. Virtually every student listed in a Subject 15 class during the audit scope received a grade of "A" or received no grade at all and therefore, is shown with an "RD."

An analysis of a judgmental sample of individual student histories found a significant number of students who did not appear to be achieving academically, which is questionable because a majority of students were receiving financial aid. Many students registered for only a couple of classes and did not appear to be on a track to earn a degree. The following depicts examples of questionable student histories.

A student listed as subject 25 with a date of birth 11-28-69, student identification number 9706941, has received grades in 41 classes, totaling 116 credit hours. A second student with the name Subject 28 and a date of birth 10-30-84, student identification number 2206312, has received grades in 22 classes, totaling 70 credit hours. The records show that, except for one course, every course that student 206312 took was also taken by 9706941. Additionally there is a third subject 25 with a date of birth 11-28-1969, student identification number 9905795, who has received grades in 21 classes totaling 55 credit hours. The records show that, except for one course, every course that student 9905795 took was also taken by 9706941. All these students are being counted in the calculation for FTES.

A student listed as subject 29 with a date of birth 9-14-1974, student identification number 2000933, has received grades in 36 classes totaling 109 credit hours. A second student named subject 30 with a date of birth 11-9-1963, student identification number 2305381, has received grades in 22 classes totaling 59 credit hours. The records show that, virtually every class taken by student 2000933 is duplicated by student 2305381. Both students were being counted in the calculation of FTES.

## Athletes

A recurring theme during interviews of professors was that the athletes received favorable treatment. Professors stated that coaches pressured professors to change an athlete's grade to increase grade point average. The professors interviewed insisted that they would not succumb to pressure from the coaches, although other professors would do so. The professors also mentioned that coaches knew which professors were considered the easy graders and the coaches would steer their athletes into those classes. One professor admitted to increasing an athlete's grade one level after having been approached by a coach. However, she said she did so only after requiring the athlete to complete additional assignments.

In a letter, a former student athlete complained to administration that a coach charged him for grades. Following is a copy of the letter:

Ulis Williams  
President  
Compton College  
1111 east Artesia Blvd.  
Compton, California

Dear Mr. Williams,

I am a former football player at Compton College. I feel that I have been cheated by coach Cornell ward as a coach and player. Coach ward changed my grades in order that I could be eligible for Compton and my present school. The NCAA is now investigating my record and I told them about the grade change from Compton and Fresno Pacific. I'm being forced to sit out this year and I'm very upset about this. Coach Ward even charged me 300.00 for the Fresno Pacific grades.

How could you let someone with no degree or sensitivity lead young men. This is a total disgrace, when I lived on delta avenue, we were told we didn't have to pay rent. The landlord later sued us. He told me that the school paid 10,000, which was some of the bill, but not all of it. During the investigation, the ncaa told me this is a violation and I could lose all my eligibility for this. Every body in college football knows Coach is selling grades and he doesn't care about how it hurts the players.

He continued to lie and mislead our team and sold us sweat suits and food from his office. The team later found out from Dr. Preston, that the school bought those sweats. He never returned the money to us. He kept our meal money and gave us sandwiches made at his house. This is not a good person to be leading your school or athletic department. I will continue to cooperate with the investigation, because I want to play football.

I went to an instructor to help me with a grade and found out the grade had been changed. He said he knew nothing about it. The coaches always told us that Coach ward had protection from Board member Kent Swift. I guess they were right!

Another reason for this letter is because I have a friend on the team now, who says the same thing is happening to him. He transferred from pierce and he never goes to class. I told him he would end up just like me. We talk all the time and he can confirm what I'm saying.

If you look into all of this, you will find that what I'm saying is the truth. Please stop this man; he has really destroyed my career and others.

Transcripts of some of the athletes showed that many had signed up for what appeared to be a heavy course load during the semester in which they participated in their respective sports. A sample listing of ten basketball players and their credit loads is as follows:

ID #	SPORT	SPORT SEMESTER	CREDITS SIGNED UP FOR FALL 2003	CREDITS SIGNED UP FOR SPRING 2004
2306324	BASKETBALL	SPRING '04	12	22
2306429	BASKETBALL	SPRING '04	18	25
2305423	BASKETBALL	SPRING '04	19	23
2210931	BASKETBALL	SPRING '04	19	21
9910852	BASKETBALL	SPRING '04	16	24
2213254	BASKETBALL	SPRING '04	19	18
2201793	BASKETBALL	SPRING '04	18	20
2305812	BASKETBALL	SPRING '04	12	12
2111051	BASKETBALL	SPRING '04	15	17
9907626	BASKETBALL	SPRING '04	19	19

### Changing of Grades

To determine if grades were being changed after a professor turned in his/her grades, the personal grade book of a CCC English Professor was examined. A comparison of the teacher's marking book with the official transcripts of the students maintained by the college indicated that grades were altered after a professor submitted the grades.

For this particular professor's classes during the scope period of July 2003 through June 2005, two grades were different from the grades the professor submitted as the official record.

For student 2110501 a grade in the professor's grade book was blank, and according to the professor, this was an indication that the student received an F. The official school records reflected this grade as a C. Additionally, student 8800675 was recorded in the professor's book as receiving a F. The official transcripts of the college reflected the grade as a D.

The practice of changing grades for monetary compensation was raised by CCC staff members during many interviews. In fact, Subject 2 voluntarily joked during an interview that it was rumored around the college that he would change a grade for \$50 and others at the college charged \$300. When asked if he changed grades for \$50, he replied he did not. A former student who was investigated by an Athletic Conference after he graduated from CCC validated he was charged a \$300 fee in a letter to Subject 81.

Subject 2 also said that he established a separate bank account with \$10,000 of his own money to handle "college business," including the food catering he did on campus.

## ***Conclusions***

Many instances of questionable and perceived fraudulent practices were documented, including the assignment of multiple identification numbers to the same student, reporting individuals with the same name taking the same class simultaneously, and allowing students to take a class multiple times after a “satisfactory” grade had previously been awarded. There were also countless instances of assigning “RDs” to a huge number of students. Since it was determined that the “RDs” have never been changed on permanent records, there are concerns over the legitimacy of certain courses, students, and instructors. Additionally, there are multiple instances in which students, including athletes were listed as taking more than 18 credits during the semester without the special approval required to do so. Student grades were also changed after professors submitted their final grade sheets. There was a complete lack of accountability and oversight by the Admissions Office, MIS Department and Counseling Staff of CCC. The number of questionable practices involving the use of student data make employees in these departments suspect of collusion.

## ***Recommendations***

*The Compton Community College District should:*

1. Establish and implement internal monitoring policies to ensure that students are not permitted to repeat a course after a “satisfactory” grade is awarded unless there is a compelling reason and an administrative approval process.
2. Establish guidelines to ensure that students do not get assigned multiple identification numbers.
3. Require dual authorization for the changing of any grade once recorded, and keep accurate logs to monitor any change in a student’s grade.
4. Require dual authorization to permit enrollment or drop dates to be overridden by any department, and maintain proper documentation for audit purposes.
5. Conduct additional audit work to determine the true extent of fraud in this area and the magnitude of fraudulent FTES apportionment payments. Funds that were received as the result of inappropriate claims for FTES should be returned, and the matter referred for the appropriate legal action once this information is secured.

## Review of Teacher Issues

There are irregularities related to the assignment of teachers to more than one class at the same time and other illogical assignment patterns.

A review of the professors with the 10 largest class sizes varied dramatically in the Fall of 2004 when compared with other semesters. In the other five semesters, Subject 15 appeared on this list of largest class sizes twice with a course name of COUN 10X with 67 students in the Fall of 2003 and 68 students in the Spring of 2004. In the Fall of 2004, Subject 15 teaches the eight largest classes, totaling 828 students. Following is a table of the top 10 student class sizes by section in the Fall 2004:

**Fall 2004 Semester**

Course Name	Units	Instructor	Sec.	Students
COUN 10X	2	<b>Subject 15</b>	3179	134
STSK 1	0.5	<b>Subject 15</b>	3142	115
STSK 4	0.5	<b>Subject 15</b>	3146	115
STSK 1	0.5	<b>Subject 15</b>	3144	94
STSK 4	0.5	<b>Subject 15</b>	3148	93
COUN 10X	2	<b>Subject 15</b>	3178	93
COUN 10X	2	<b>Subject 15</b>	3180	93
STSK 1	0.5	<b>Subject 15</b>	3119	91
REC 1	3	<b>Subject 31</b>	2373	78
COUN 1	1	<b>Subject 32</b>	2094	72

In total, Subject 15 was listed as having taught 12 of the 20 largest classes offered for the Fall 2004 semester totaling more than 1,000 students. As discussed in the analysis of student grade activity, many students received multiple “RDs,” had duplicate student identification numbers and were listed as taking the same course during the same semester.

Other observations from this analysis include how often the name in the instructor field is listed as “Staff.” The name of “Staff” as the professor indicates the school didn’t know which instructor would teach the class at the time the schedules were created. This gives rise to the possibility of an instructor having taken on additional classes at the same time as a class already scheduled, inhibiting the ability to uncover such occurrences because of the lack of an assigned instructor in the records. Additionally, the ability to audit any fictitious students assigned to these classes may be hindered due to an inability to interview the actual teacher who ultimately instructed the class. Three years after the fact, the records still do not contain the name of the teacher of the class.

In the Fall 2004 semester, 42 students were listed as taking PSCI 1 section 3651 with “Staff” being the instructor on record. According to the file received, all 42 students in section 3651 received an “RD.” A study of the histories of these students’ records at Compton Community College found that a large majority of these students had only enrolled in classes during the Fall 2004 semester. One student had a date of birth listed as December 02, 2000. Another student who took two additional classes received a “B”

in PSYC 7 in Fall 2004 and in Spring 2005, he took the same PSYC 7, this time receiving an “RD.” Additionally, 10 students had identification numbers that were sequential, numbering from 10004849 to 10004858. Eight of these 10 students listed PSCI 1 section 3651 as the only class ever taken at the college. It is possible these students were fictitiously added to the class and/or the class may never have existed.

In Spring 2004, Subject 1 was the instructor for the largest and second largest classes at the school. Following is a table that illustrates the 10 largest classes by section at that time:

#### Spring 2004 Semester

Course Name	Units	Instructor	Section	Students
ENGL 10	3	<b>Subject 1</b>	5682	77
MATH 2C	5	<b>Subject 1</b>	5686	73
PSYC 5	3	<b>Subject 33</b>	4287	72
PSYC 9	3	<b>Subject 34</b>	4428	69
REC 5	3	<b>Subject 31</b>	4455	69
HIST 3B	3	<b>Subject 35</b>	4853	69
COUN 10X	2	<b>Subject 15</b>	4615	68
PE 23	2	<b>Subject 31</b>	4868	68
ART 6	3	<b>Subject 36</b>	4009	66

According to records, in the Spring 2004 semester, Subject 1 was scheduled to teach four math 2C classes concurrently. Analysis determined that of 78 students that were shown to be in the class, four received “Bs,” six received “Fs” and 68 students received an “RD.” Further analysis involving a sample of the students who received those grades found that three of four students who received “Bs” had a history of being instructed by both Subject 37 and Subject 1. A review of the grade distributions of “Fs” and “RDs” in Subject 1’s classes found many instances in which Subject 1 was listed as the professor for each course being taken, including courses such as history and English.

Based on data received, it appears that professors were assigned to teach two or more classes which were scheduled on the same days and times. This occurred on 456 occasions. Common examples of similar courses being taught concurrently include PE 13A through 13D, DANC 2A through 2D, Auto 32 through 34, COT 1A through 25A, and WELD 7 through 9B. Specific examples are outlined below:

- **Subject 38** - In the Summer 2004 semester, this subject was scheduled to teach CIS 27 and English 10 at the same time while the classes were listed as being held in different buildings. Subject 38 is listed as teaching both CIS 111 and CIS 112 in the Fall 2003 semester on Fridays from 9 a.m. to 11:30 a.m.
- **Subject 39** - In the Fall 2003 semester, this subject was scheduled to teach HIST 3B at the same time as two half-semester COUN 1 courses.

- **Subject 40** - In Fall 2003, this subject was scheduled to teach ET 120 at the same time as ET 121 despite one class being a prerequisite of the other.
- **Subject 41** - In Fall 2003, this subject was scheduled to teach overlapping classes. The instructor was scheduled to teach Child 16 Monday through Thursday from 9 a.m. to 11:15 a.m. and Child 1 from 11 a.m. to 1:15 p.m.
- Also noted were several instances in which instructors taught multiple subjects. For example, Subject 4 appeared to have taught both gym and psychology during several semesters.

A common theme that arose during analysis of the scheduling data was that many classes began at the same time that an instructor's previous class ended. Teachers indicated that they are required to have a 10 minute break per course hour in between classes.

A substantial number of students were issued grades after repeating classes in which they already received a satisfactory grade. The instructors who are on record as teaching these students include Subject 15, Subject 27, Subject 42, Subject 43 and Subject 26.

Another concern was the vast number of class sections that had fewer than 10 students enrolled. Many class sections were listed as having only one or two students. The number of classes with less than 10 students was 1,421, or more than one of every three classes held at the Compton Community College.

## **Conclusions**

Professors were frequently scheduled to teach two or more concurrent or overlapping classes at the same time. As previously noted, many courses were assigned to either "Staff" or Subject 1, precluding the ability to determine if these classes were actually held.

## **Recommendations**

*The Compton Community College District should:*

1. Require approval of all courses by the California Community Colleges Chancellor's Office prior to the establishment of any concurrent courses. Applicable documentation should be available for audit purposes.
2. Prior to establishing a course schedule, conduct a review of all faculty assignments to verify that a professor is not scheduled to teach two classes at the same time in different locations.
3. Once a professor is assigned to a class that was previously labeled as "Staff," update all records to allow for a proper audit trail.
4. Conduct additional investigation to determine that instructors were actually assigned to certain courses and that those courses were legitimate.



## ***Financial Aid***

According to Subject 143, most of the Compton Community College students receive some sort of financial aid. A student desiring financial aid fills out an application that is submitted to the Department of Education in Washington. Federal funds are then sent directly to the college for the students who qualify. The Department of Education selects 30% of those who have applied and requests income tax returns to substantiate the family income. The Financial Aid Department produces a roster of students who qualify for financial aid and sends it to the College Business Department. The Business Department issues a disbursement warrant for each student on the roster. From each warrant, the Los Angeles County Office of Education issues a check in the name of each student for the amount of the approved financial aid less tuition. The checks are received in the Business Office from the county office and distributed to the students. Depending on income, certain students are eligible for the Board of Governors (BOG) Fee Waiver Program. The maximum level of income allowed to qualify is based on the federal poverty guidelines, based on family size, as published each year by the U.S. Department of Health and Human Services.

The audit found that students had been submitting income tax returns prepared by income tax preparers that understated income so the student could qualify for fee waivers or other financial aid. One preparer was identified as Reyes Income Tax Service. A review of the income tax returns on file in the Financial Aid office found that many of the returns showed “non-paid preparer” printed in the paid preparer’s section of the return. The “non-paid preparer” type font appears the same on the tax returns that were examined, indicating that the same preparer was involved in preparing all the reviewed returns that were so marked. It reportedly is not uncommon for students to register at Compton Community College just to receive a financial aid check and never attend classes. Yet, according to the 2005 – 2007 catalog, a student must demonstrate financial need to qualify for financial aid and also must maintain satisfactory academic progress toward an educational goal.

The review of records for 2003 to 2005 found that students who had dropped out still received financial aid. According to Financial Aid personnel, students who dropped out did not return the financial aid funds to CCCD.

A review of the Accounts Payable vendor files found that CCCD paid “consultants” to recruit financial-aid-eligible college students, indicating an attempt to obtain names to secure federal/state funds and FTES. Overall, the records maintained by the Financial Aid Department were in extremely poor condition, and many were not available.

## **Subject 144**

A former employee, Subject 144, was instrumental in obtaining for students false Social Security numbers to assist them in getting financial aid. Subject 144’s job description for her position, as Recruitment Coordinator, did not involve assisting students with financial aid matters.

Subsequent to leaving her position at CCC, the records that she maintained in her office were placed in 24 boxes, which were preliminarily reviewed during the course of the audit. Included in the 24 boxes of records were: blank certificates involving GED studies, copies of checks made payable to Subject 144 from a variety of sources, and a folder of students' income tax returns, drivers' licenses and Social Security cards.

## **Conclusions**

The legitimacy of many of the documents submitted by students to receive financial aid is questionable. Some tax returns were prepared by preparers who appear to have understated income so that students could become eligible for fee waivers or other financial aid. Financial aid funds were not monitored by CCC personnel to ensure that students who became ineligible returned the funds. The records maintained by the Financial Aid Office were in a state of complete disarray and were frequently missing.

## **Recommendations**

*The Compton Community College District should:*

1. Institute a systematic manner of storing documents regarding students' sensitive information and financial documentation. Proper, secure record maintenance is imperative given the confidential nature of these documents.
2. Establish strict guidelines and policies for record retention and maintenance.
3. Provide for better accountability and the ability to audit records and documents.
4. Conduct additional audit work applicable to the income tax records submitted by students.
5. Implement reforms to ensure that financial aid funds are accurately disbursed and that these funds are properly returned in the event that a student is no longer eligible.
6. Conduct additional investigation to identify any irregular activities involving Subject 144. The limited review of 24 boxes of documents applicable to Subject 144 disclosed that Subject 144 received a large number of checks from individuals. Additional audit work will be necessary to determine why checks were written to this subject and the legitimacy of all GED and ESL courses offered by her department.

## *Review and Analysis of Inventory/College Assets*

CCC provided two inventories. The first was a disk from the MIS Department that was said to contain a recent comprehensive computer equipment inventory that was completed by MIS of all buildings, offices and classrooms. The second inventory was completed in 2003 by an outside appraisal company called Maximus. Since this inventory contained assets purchased prior to the onset of the scope of the current audit, the Maximus inventory accounts payable files could not be compared to the inventory of MIS to determine the assets present at CCC.

An analysis of the purchase orders and vendor invoices contained in the accounts payable folders determined that, of the purchases made during the 2003-2004 school year, \$386,802 in computer equipment was not found on the inventory listing provided by MIS. During the 2004-2005 school year, \$184,748.46 worth of computer equipment was not listed, totaling \$571,550.46 for the two years. This analysis of the equipment does not include the major transactions involving Gateway and Metronome, which will be covered in a separate section of this report.

Significant purchases of equipment were charged to programs including Upward Bound and Americorps, which have not been accounted for on the MIS inventory. Several purchase orders containing assets were coded to these specific programs in large quantities and amounts. For example, a purchase order payable to Circuit City/Corporate Gear USA included various items such as televisions, sound systems, video games and digital cameras and were indicated to be used for the foster care program on an as-needed basis.

There were questionable purchases for items such as Apple iPods, multiple large flat panel plasma televisions, digital cameras, and video games that were not included on the MIS inventory.

A list of 20 items purchased between 2003 and 2005 was provided to the business office by the audit team in an attempt to determine whether the assets could be located on campus. The list included the vendor, description of the product, serial or product numbers, the faculty member and room that was applicable to each asset.

A response to the list was submitted to the team by the business office a day before the audit team's work was to be completed, indicating the locations of several items and explaining that other items were being repaired, were in specific buildings or were never ordered. The response indicated that two Apple iPods were never ordered, but an analysis of purchase order number 1856 in the accounts payable files indicates that this order was placed. Two additional items from the same purchase order were on the inventory request, and the response indicates that those items are located in room E-19. The statement that the iPods were never ordered appears to be incorrect. In addition, three items on the list were said to be missing. It is unclear why some of these items did not appear on the inventory provided by the MIS Department. Furthermore, the response indicates that three flat panel televisions were located in the office of Subject 44. The Special Trustee indicated that three televisions are in the Administration building, but that only one television is inside the office of Subject 44. This raises serious concerns regarding the validity of the response received from and the inventory provided by the MIS Department.

## African Artwork

The analysis of the accounts payable folders located a purchase order for LA Security Storage for a Zambezi River Art Collection. A brochure indicated the artwork was exhibited on campus between February 9 and March 15, 1996. Subject 45, who works for the CCC Photography Department, was interviewed on this topic.

According to the brochure, approximately 98 pieces of the Zambezi Art Collection were donated to the CCCD several years ago during African American History Month and are valuable. Some of the pieces are stored on campus, but most are stored at the off-site storage unit. Subject 45 explained that many attempts have been made to develop a showcase area, but all have been unsuccessful.

Subject 45 and Subject 46 were informed that a request had been made to inventory the artwork stored on campus, and arrangements would be made to conduct an inventory of the storage unit. Subject 45 said that three of the pieces were in the back of his office in room E-19. These three pieces are depicted in the following photographs.



Subject 45 also indicated that additional pieces were stored in room G-23. Amid the furniture, files and other materials stored inside the room, 17 pieces of the Zambezi Art Collection were being stored on a concrete floor in the middle of two shelving units. The conditions of room G-23 and the artwork are depicted in the following photographs.





Additional interviews with CCC employees indicated that Subject 47 had taken several of the pieces into his possession for use at his residence. Subject 47 denied that he removed any pieces of the collection from the campus, to his home or elsewhere.

Despite numerous requests to inventory the artwork that was allegedly stored in the off-campus location, the opportunity to perform the inventory was never provided. According to Subject 45, this off-site storage unit housed additional large pieces of artwork.

### **Police Badges**

The CCC Police Department ordered and provided police badges and identification cards to administrators and employees. As a result, a request was made to Subject 48 for a listing of all badges and the name of the individual to whom each was assigned. However, the CCC Police Department did not keep any inventory listing of police badges.

Shortly after this request was made, Subject 48 was observed on his golf cart on campus with several badges in one hand. He explained that he was collecting the badges from certain individuals. He also was witnessed holding several police identification cards. During an audit of allegations regarding a Reserve Police Officer who was Subject 48's former employer, it was discovered that the officer was issuing police identification cards using software on his laptop computer, which is addressed separately in this report.

Subject 48 provided a list of "Campus Police Badges and past Trustee/Administrator Badges," which listed the name and badge number assigned. The list provided by subject 48 did not indicate the current location of those badges nor did it indicate which badges were in his possession. Subject 48 provided the names of two additional individuals and their badge numbers after he provided the list on August 31, 2006. Additionally, two inactive officers were scheduled to turn in their badges on September 8 and September 11, 2006, days after the request for the inventory list.

An inventory of badges in Subject 48's possession indicated that two additional badges (#18 & 42) were not included on the list provided by the Subject 48.

Photographs of other badges were secured from an outside source. An analysis was completed to review the badges that were in the possession of Subject 48, the list provided by Subject 48 and the photographs from the outside source. This analysis determined that the sequential ordering of badges in the possession of Subject 48 indicates that badges may be missing and unaccounted for. Additionally, two styles of badges have been used, and it appears that badges were ordered to replace some or all of the existing badges. It was unclear whether the new badges were in fact distributed to administration or faculty members. The following chart shows this analysis:

Source	Badge #	Old/ New	Title	Assigned To	Status
C/I	6	NEW	Police Officer	<b>Subject 49</b>	Inactive
C	8	N/A	Police Officer	<b>Subject 50</b>	Active
C	11	N/A	Police Officer	<b>Subject 51</b>	Active
C	12	N/A	Police Officer	<b>Subject 52</b>	Active
C	15	N/A	Police Officer	<b>Subject 53</b>	Active
I	18	NEW	Police Officer	<b>Subject 54</b>	Inactive
C	19	N/A	Police Officer	<b>Subject 55</b>	Active
C	32	N/A	Sergeant	<b>Subject 56</b>	Active
C	33	N/A	Sergeant	<b>Subject 57</b>	Active
C	34	N/A	Sergeant	<b>Subject 58</b>	Active
C	41	N/A	Lieutenant	<b>Subject 59</b>	Active
I	42	NEW	Lieutenant	N/A	Unassigned
E	90	NEW	Dispatcher	N/A	Unknown
E	91	NEW	Dispatcher	N/A	Unknown
E	92	NEW	Dispatcher	N/A	Unknown
E	93	NEW	Dispatcher	N/A	Unknown
C/I/ E	117	NEW	Captain	<b>Subject 60</b>	Inactive
E	140	NEW	Board Member	N/A	Unknown
E	141	NEW	Board Member	N/A	Unknown
E	142	NEW	Board Member	N/A	Unknown
E	143	NEW	Board Member	N/A	Unknown
C/I	143	OLD	Board Member	N/A	Unassigned
E	144	NEW	Board Member	N/A	Unknown
C/I	144	OLD	Board Member	<b>Subject 61</b>	Inactive
C/I	147	OLD	Board Member	N/A	Unassigned
C/I	149	OLD	Asst. Chief	<b>Subject 62</b>	Inactive
C/E	150	NEW	Chief	<b>Subject 48</b>	Active
C/I	150	OLD	Chief	<b>Subject 47</b>	Inactive
C/I	151	NEW	Dean	<b>Subject 6</b>	Inactive
C/I	152	NEW	Director	<b>Subject 63</b>	Inactive
E	155	NEW	Superintendent	N/A	Unknown
E	160	NEW	Commissioner Member	N/A	Unknown
C/I	160	OLD	Commissioner Chairman	<b>Subject 64</b>	Inactive

C/I/E	161	NEW	Commissioner Member	<b>Subject 65</b>	Inactive
C/I	161	OLD	Commissioner Member	<b>Subject 66</b>	Inactive
E	162	NEW	Commissioner Member	N/A	Unknown
C/I	162	OLD	Commissioner Member	N/A	Unassigned
C/I	170	NEW	Exec. VIP	<b>Subject 7</b>	Inactive
C/I	500	NEW	Police Officer	<b>Subject 67</b>	Inactive
C/I	501	NEW	Police Officer	<b>Subject 68</b>	Inactive
C/I	502	NEW	Police Officer	<b>Subject 69</b>	Inactive
C/I	503	NEW	Police Officer	<b>Subject 70</b>	Inactive
C	504	N/A	Police Officer	<b>Subject 71</b>	Inactive
C	505	N/A	Police Officer	<b>Subject 72</b>	Inactive
C/I	506	NEW	Police Officer	<b>Subject 73</b>	Inactive

Legend: C – Subject 48 List, I – FCMAT Inventory, E – Photographs Secured,

NA – Information Not Available

The photographs secured from an outside source indicate that 12 police badges were not accounted for by Subject 48. These badges include four dispatcher badges, five board member badges as well as two commissioner member badges and one superintendent badge. Former administrators reportedly may still be in possession of the badges.

The auditors were informed that a person was arrested in the State of Arizona with a CCC police badge in his possession. This was confirmed by Subject 48. Furthermore, a photograph secured of Subject 73 in a CCC Police uniform indicates that he was wearing another type of badge that was not the CCC Police Department design. This is extremely questionable since Subject 48 indicated that the two types of badges he had in his possession were the only types of badges issued.

The lack of accountability by the CCC Police Department for police identification poses grave concerns for the security of the CCCD.

### **CCC Police Department Safe**

A safe was located in an unoccupied trailer located in the front parking lot of CCC. Several individuals indicated that weapons and guns were stored in the safe. Subject 48, confirmed that there is a safe and that he heard there may have been guns inside but said he did not know the combination nor did he ever try and have the safe opened. The Business Office and Special Trustee's Office were informed of this finding, and they scheduled a date for the safe to be opened and contents inventoried with the cooperation of the CCC Police Department. The Special Trustee requested that the auditors witness the opening of the safe.

On September 20, 2006, the safe was opened and inventoried. The following is a listing of all items inventoried in the safe. No chain of custody forms were noted on any of these items.



- 2 Bottles Correction Fluid
- 2 CCC Campus Security Officer Patches
- Security Badge ("Security Officer")
- 1 Small Bottle Paint Thinner
- Old Police Name Plates – "Johnson, W." / "Prater, A." / "Lester, G."
- 4 Sets CB Crystals
- 3 Antennas
- 2 Old Holsters
- 3 Old Radio Holders
- 2 Boxes Punch Clock Dials
- 1 Old Radio Strap
- 1 Box Sherman Natural Cigarettes (12 count)
- 2 Pistol Grips
- 1 Blue Dot Flash Cube

Subject 48 explained that the trailer where the safe was found is used as an "Emergency Command Shelter" in case of an emergency or natural disaster. During the inventory of the safe, it was noted that the trailer in which the safe was kept had no electricity or lights. Several individuals expressed their concerns over the lack of proper utilities for the Emergency Command Shelter. It has been reported that Subject 48 subsequently provided the above evidence to the LA Sheriff's Department.

### **Maintenance & Operations ("M&O") Facility**

During a tour, it was noted that hundreds of Gateway computers were being stored in a large garage behind the main facility. The maintenance yard and garage were filled with a tremendous amount of old computer equipment and furniture stored outdoors without any type of protective covering. There was no general order to the maintenance yard, and new deliveries were also being stored in plain view as demonstrated by the following photographs:





Following this tour, an employee of the M&O Department explained that after the initial tour, Subject 74 instructed his staff to dispose of many of the computer products by putting them inside a Dumpster located in the rear of the maintenance yard.

### ***Conclusions***

Serious flaws exist in the system for monitoring and tracking CCC assets. A large amount of computer and electronic equipment purchased between 2003-04 and 2004-05 could not be located by the MIS Department. A majority of the pieces of a valuable art collection is allegedly stored in an off campus storage unit that reportedly is not climate controlled and could result in damage to the artwork. A few of the pieces were located inside a vacant campus office.

Badges are missing from the CCC Police Department. Additionally, an abandoned safe utilized by the CCC Police Department was inventoried and found to contain evidence such as contraband, weapons and other items of evidence.

### ***Recommendations***

*The Compton Community College District should:*

1. Consider hiring an outside appraiser to conduct a thorough appraisal of all assets, and continue this practice on a regular basis to update any purchases or disposals of CCCD assets.

2. Formulate a tracking method to account for purchases and ensure that all purchases are properly logged as received. The Business Office should be responsible for this process.
3. Store all CCC assets in safe locations to ensure proper handling and prevention of damage. Consider retrieving the African artwork from the storage facility and displaying it in a secure location on the campus.
4. Contact the appropriate law enforcement authorities so that notification can be made concerning the missing police badges.
5. Develop and implement proper procedures for the handling and securing of items typically stored in the evidence safe.



## ***Review and Analysis of Independent Contractors***

Allegations were made of numerous improprieties involving construction projects. The allegations ranged from questioning the procurement process and agreements made with related vendors, to potential inappropriate payments to overcharges during the projects due to manipulations of materials and charges for ghost employees. According to the warrant listing, construction companies were paid in excess of \$7.5 million. Included in this listing are payments made directly to glass and steel companies, which are typically made to the contractor. A financial audit should be performed of all significant construction projects during the past four years.

Despite numerous attempts to secure all contracts within the scope period, only several “Consultant Binders” were provided to the audit team. The contracts included within these binders were predominantly limited to the category of individual consultants with a few corporate service agreements. Larger and more comprehensive contracts such as with Barnes & Noble and Major League Baseball were not included in these binders.

### **Consultants**

A review of the accounts payable vendor files for the two fiscal years ending June 30, 2005 found an unusually high number of payments to individuals. The backup documentation for the payments, in most instances consisted simply of a one-page form called a Personnel Service Invoice. Many of those invoices lacked detailed descriptions of the actual work performed. In addition, a section intended to include the consultant’s hourly rate of pay and number of hours billed was often blank. Authorization signatures were frequently missing or incomplete. Several invoices were submitted for payment with what appeared to have been photocopied approval signatures.

An attempted trace of individuals who were paid with this form by comparing them to the annual 1099 forms found that some were issued a 1099 Form, and others were not. A comparison of the individuals’ names to the W-2 forms found that many of the individuals were or are currently employees and were being paid additional amounts over and above their wages. Therefore by issuing employees both W-2 Forms and 1099 forms, the CCC is in violation of Internal Revenue Code 3509, referenced in IRS Publication 15-A.

A 1099-Misc Form is used to report payments of an independent contractor and is not to be used to report payments to an employee. The W-2 Form is used exclusively to report wages and other payments to an employee. The W-2 Form reports gross wages and other compensation paid to an employee as well as income taxes, Social Security and Medicare taxes withheld from an employee’s gross wages. Therefore, an individual must be defined as either an employee or an independent contractor. If the individual is defined as an employee, only a W-2 Form and not a 1099 Form should be issued to that individual. At CCC there are many instances of both forms being issued to employees.

A comparison of disbursement warrants to paid invoices showed that payments to individual consultants amounted to approximately \$710,000, while the support on file amounted to only \$475,000.

An analysis of the accounts payable files regarding individuals who were paid as consultants revealed that payments were made to various consultants in excess of \$600 in calendar year 2004, but no 1099 Form was on file for these consultants. Other individuals and unincorporated businesses also were paid through the accounts payable system but were not issued the required 1099 Form.

Overall, there is a lack of consistency in the entire disbursements process. Payments are being made without proper authorizations, purchase orders are frequently dated subsequent to invoice dates, and vendor files often lack adequate backup documentation.

### **Contracts with Businesses**

Included in the contract binders along with individual contracts were 24 service-related contracts with companies. Contracts to Pacific Directions and its owners, Subject 75 and Subject 76, contained a service description of “Staffing for Nutrition Network Program.” It was alleged that they were friends of administrators and actually performed little or no work, yet received payment for all invoices they submitted totaling \$152,419.92. A payment to Pacific Directions for an invoice from August 29, 2003 was paid on October 3, 2005 for \$6,666.00, two years after the invoice was submitted. The dollar value of the payment amount and the two-year period of time for payment to occur makes this transaction questionable.

Another questionable contract, dated February 25, 2005 was made with Savanjoy Financial Services for its performance of accounting work for the CCC Development Foundation. This contract was for routine bookkeeping and administrative work that was included in the job description duties of the foundation director.

There has been a sharp decline each year in actual students enrolled at CCC. An analysis of warrant lists found a series of payments to Barnes & Noble Bookstores. Further analysis revealed that purchases of books have not decreased despite the large purported declines in student enrollment. In fact, purchases from Barnes & Noble have increased.

#### **Payments to Barnes & Noble Bookstores**

<b>Year</b>	<b>Amount</b>
2004	\$515,000
2005	\$880,000

## ***Conclusions***

A majority of the independent contracts, including contracts with vendors and consultants, contained inadequate supporting documentation. Pertinent information was often missing from the documents that were required for the disbursement of funds. These funds were approved even without the required completed documentation. Many consultants were also employed by CCCD. A review of the 1099s reflected that certain consultants did not receive a 1099 for the funds disbursed to them. Some consultants who were also employees were being compensated directly through the Associated Student Body and CCC Development Foundation, which also failed to issue 1099 forms for the compensation they disbursed.

## ***Recommendations***

*The Compton Community College District should:*

1. Have all contracts reviewed by legal counsel for conformance with any applicable federal and state law.
2. Issue 1099 forms for previous years and all future years to all parties that are required to receive them in conformance with IRS regulations. As previously stated, California Government Code Section 1090 “prohibits public officials from making contracts in which they have a financial interest.”
3. Prohibit employees from receiving funds as consultants from the Associated Student Body and the CCC Development Foundation.
4. Conduct an audit of all significant construction projects that took place during the past four years. Construction audits of this nature frequently succeed in recouping any misappropriated funds from vendors.



## ***Review of Payroll and Benefit Irregularities***

A review of W-2 Forms and 1099 forms for 2003, 2004 and 2005 found that many employees received compensation and a 1099 form in addition to the wages they received and reported on their W-2 forms. The compensation shown on 1099 forms is for services the employees performed during their regular CCC employment hours, for which they are already being compensated as reflected on their W-2 forms.

Time-off request slips are filled out infrequently by employees, resulting in employees taking time off without being charged for it. A review of a sample of personnel files found that none of the files included a filled-out leave request, and many employees had accrued the maximum allowable vacation and sick time. Employees also leave campus for hours at a time during their regular working hours. Subject 77 allegedly leaves the campus early to teach a class at Los Angeles City College.

The Payroll Department does not require approved time cards to be submitted to process the payroll. According to Subject 78, who works in the M&O Department, the Payroll Department also assumes that employees are on the job unless informed otherwise. Subject 78 alluded to Subject 79, another M&O employee, as an example. According to Subject 78, Subject 79 did not show up for work for three consecutive months, but was paid for those months nonetheless. M&O sign-in sheets that are purportedly used to monitor employee hours show that on many occasions, employees indicated they arrived for work at an earlier time than the employee who signed in immediately before them, demonstrating that these sheets are not properly monitored by management.

Subject 80 filled out a form authorizing a 25% raise for herself by simply indicating on the form that the raise was approved by Subject 81. Subject 82 received payments for reprographics services both as an employee and as an independent contractor. The supervisor approved additional pay for Subject 82 by approving payment of the maximum amount authorized by the Governing Board even though he had not worked the required hours. A time card attached to the approval form showed more than eight hours for 15 consecutive days in what appeared to be an attempt to justify payment of the maximum amount approved by the board.

The Business Office maintains a petty cash checking account known as the flex account. The vast majority of checks written on that account are for “short-term” payroll advances. However, some of the advances were for as long as three months, making them, in-effect, short-term, interest-free loans.

## ***Conclusions***

Documentation regarding employee payroll was extremely disorganized, and many records could not be located. The methods for tracking employee attendance were insufficient. Detrimental shortcomings were noted in the ability to track and monitor employee payroll and benefits. Many employees were receiving payments in addition to their salary for work performed during their regular CCC employment hours. In addition, employees frequently leave campus for hours at a time, and some allegedly work for other employers. Time-off requests were not submitted or filed, demonstrating a complete lack of oversight by management and theft of public funds by several employees.

## **Recommendations**

*The Compton Community College District should:*

1. Conduct a complete reorganization of the Payroll Department, and hire permanent staff members since only two temporary staff members were employed in that department during the course of this review.
2. Cross-train the payroll staff. Since record maintenance is essential in providing accountability, more than one staff member should be well versed in the procedures and operations of the Payroll Department to ensure accountability and the maintenance of vital information.
3. Take appropriate disciplinary and/or legal action against any employee found abusing time.

## **Subject 48 Complaint**

A letter forwarded to the State Trustee by Subject 53, dated June 29, 2006, contained allegations concerning the operation of the CCC Police Department. Among the charges were allegations of lack of law enforcement knowledge, poor management and leadership skills, mismanagement of department funds, nonexistent safeguards to protect confidential records and illegal business practices.

Among the specific claims in the documents were that Subject 73 was believed to have felony convictions and that Subject 48 allowed Subject 73 to pose as a police officer during the opening ceremonies of major-league baseball fields at CCC and during the 2005 and 2006 college graduation ceremony.

Another allegation was that Subject 48 was appointed by his close friend and past CCC consultant, Subject 80, without a proper background investigation. The allegation states that Subject 73 supplies police badges and identification cards for all officers. The allegation also indicates that Subject 73 and Subject 48 are business partners in a security company.

Further investigation found that Subject 48 worked for Subject 73, the owner of Alexander Protective Services, Los Angeles, CA as its Chief of Security from September 2000 through the time he applied for the position at CCC. He reported a salary of \$20 per hour, logged 10 hours of work per week and listed his job duties as "Manage and direct the activities of security officers assigned to a variety of security responsibilities. Manage and conduct investigations into crimes against clients." Subject 48 also worked concurrently at Advanced Security Concepts in Burbank as the Director of Public Safety for \$3,000 per month and as a Paid Reserve Officer for the City of Irwindale Police Department for \$25 per hour.

On February 27, 2006, Subject 48 appointed Subject 73 to the CCC Police Department as a part-time Reserve Peace Officer, level II. According to a document included with the allegation, Subject 73 has been arrested/detained/cited for a number of offenses involving a firearm.

CCC police officers indicated the department uses inadequate equipment, unsafe vehicles and questionable practices and procedures as a result of the lack of leadership of Subject 48. The Police Department also has no prisoner cell or holding area. Officers indicated that in some instances, after they apprehended suspects and determined that the suspects had outstanding court warrants, Subject 48 ordered them to release the prisoners.

### **Police Vehicles**

Approximately six to eight old and dilapidated police vehicles were being stored outside the Maintenance and Operations (M&O) facility. A CCC employee indicated that the Automotive Department refused to service the vehicles unless monetary compensation was provided. The following are photographs of these vehicles:



Two of those vehicles remained on site, and Subject 48 allegedly ordered the M&O Department to move the police cars using a fork lift. That account was confirmed by M&O Personnel as well as by Subject 48. According to the individuals interviewed, Subject 48 became angry one day and ordered that two or three police cars that were not in service be moved, inflicting considerable damage to the vehicles.

### **City of Irwindale**

A number of individuals indicated that subject 48 works concurrently with the City of Irwindale as a Reserve Police Officer. A request was made of the City of Irwindale for his position description and hours worked from December 2004 through August 2006. These records showed that subject 48 worked for the City of Irwindale several hours during the week and often works long shifts on Saturdays. The records that were provided did not include the specific times that Subject 48 worked, but included the number of hours. The following schedule details all the weekdays that were worked for the City of Irwindale by Subject 48 from December 2004 through August 2006 as well as the number of hours worked.

<b>Date</b>	<b>Weekday</b>	<b>Hours</b>
December 20, 2004	Monday	9.00
December 21, 2004	Tuesday	7.75
December 31, 2004	Friday	6.75
January 20, 2005	Thursday	5.50
February 7, 2005	Monday	11.00

February 9, 2005	Wednesday	12.00
May 30, 2005	Monday	6.50
June 30, 2005	Thursday	2.50
July 11, 2005	Monday	6.00
July 29, 2005	Friday	10.00
September 9, 2005	Friday	6.00
October 4, 2005	Tuesday	2.50
October 6, 2005	Thursday	5.45
October 13, 2005	Thursday	2.00
November 18, 2005	Friday	8.00
December 16, 2005	Thursday	4.00
December 29, 2005	Thursday	8.00
January 25, 2006	Wednesday	3.00
January 27, 2006	Friday	14.50
March 17, 2006	Friday	9.50
March 22, 2006	Wednesday	2.50
April 5, 2006	Wednesday	11.50
April 14, 2006	Friday	9.00
May 12, 2006	Friday	11.00
May 16, 2006	Tuesday	3.00
May 26, 2006	Friday	11.00
June 21, 2003	Wednesday	3.00
June 23, 2006	Friday	12.00
July 25, 2005	Tuesday	3.00
July 26, 2006	Wednesday	6.00
August 10, 2006	Thursday	2.00
August 16, 2006	Wednesday	3.00
August 18, 2006	Friday	7.00
August 31, 2006	Thursday	7.00

Subject 48 claimed that he works at CCC 8 a.m. to 8 p.m. Monday through Thursday and 8 a.m. to 4 p.m. Friday. He further stated that he often works at CCC on Saturday and that his typical work week totals from 60 to 70 hours, adding that his schedule when he first began working for CCC was much more intense, and he worked more hours.

Subject 48 reportedly leaves campus frequently for several hours at a time and does not inform anyone of his whereabouts. On one occasion, Subject 48 was unavailable at 12:30 p.m., and an assistant said he was at lunch. A message was left with his assistant asking Subject 48 to call when he returned, but a return telephone call was not received until several hours later.

Subject 48 was requested to provide copies of time records or shift schedules for the last year, but indicated that he keeps only the current schedule, which is always subject to change. Subject 48 was asked whether he could account for the whereabouts of one of his employees if a legal matter arose that called into question the specific work times, but he answered that he would have to take his officer by his word. Subject 48 further explained that he recently began requiring his officers to sign in on a payroll report every calendar month. Copies of those reports, which were in use as of April 2006, indicated that Subject

48 began signing himself only in September 2006. Additional investigation is necessary to determine whether Subject 48 does, in fact, work for the City of Irwindale while he is being compensated as a full-time employee for CCC.

## **Fingerprinting**

According to several CCC employees, new employees are routinely charged \$75 each to be fingerprinted at the CCC Police Department. However, according to Subject 48, who works for the Police Department, the normal fee of \$20 is waived. The procedure is that every Tuesday, a representative from U.S. Fingerprinting is on campus to conduct Live Scan fingerprinting. He stated that U.S. Fingerprinting charges a minimum of \$2 per employee, depending on the depth of the clearance, i.e., whether it involves only the State of California or includes federal agencies such as the Department of Justice and/or the FBI. According to an August 2, 2005 news release, U.S. Fingerprinting's standard charge is \$20 and an additional \$26 for a Department of Justice clearance. An FBI clearance requires an additional \$32 charge. According to Subject 48, U.S. Fingerprinting collects the fee directly from the employee and mails Subject 48 a check for the college's share of the fee. Subject 48 said he brings the check to the Bursar's Office. The check is not accompanied by a statement that shows how U.S. Fingerprinting calculated the school's share of the fee, and Subject 48 said he does not know how this amount is computed. Several attempts were made to contact officials at U.S. Fingerprinting to discuss how the fee is computed, but telephone calls were never returned.

## **Conclusions**

The CCC Police Department suffers from poor employee morale and a lack of adequate equipment. The police department lacks adequate guidelines for establishing the proper chain of custody for evidence. Officers are being compensated outside their normal payroll for working at events or other programs on the campus. There are allegations that Subject 48 frequently leaves campus for hours at a time while working for CCC. It has been determined that Subject 48 worked for the City of Irwindale as a paid Reserve Officer for several days during 2004, 2005 and 2006.

## **Recommendations**

*The Compton Community College District should:*

1. Provide training on the proper chain of custody for the collection of evidence.
2. Implement strict policies to ensure accountability of hours worked by all CCC employees.
3. Conduct further audit work to determine whether Subject 48 was working for the City of Irwindale while he was scheduled to be at CCC. Pending the audit findings, appropriate disciplinary and/or legal action should be considered.

## *Gateway Purchases/Products*

When Subject 83 of the MIS Department started working for the college, a pre-existing Gateway purchase order was approved and under way for a complete network upgrade. Subject 83 explained that he met with FCMAT representatives and the former Special Trustee, Subject 84, and personally made the decision to purchase the equipment from another vendor. CCC reportedly had a long relationship with Gateway and encountered few problems with the system or the vendor. Subject 83 explained that he returned the previously ordered Gateway purchase, but was forced to pay a 25% restocking fee totaling approximately \$250,000.

A review of the accounts payable folders located a purchase order (PO# C39032), dated August 17, 2004, payable to Gateway Companies, Inc. for \$1,592,041.41. This purchase order was prepared as a standing order for the purchase of computers, and the funding source was indicated to be from Proposition 39, bond funds. Another purchase order dated December 27, 2004 (PO#C39032A), was located, payable to Gateway for \$1,205,889.26, which included Metronome branded products. Attached to purchase order C39032A was an invoice from Metronome dated December 16, 2004. This invoice was prepared prior to the issuance of purchase order C39032A to Gateway, but was for what appears to be the same equipment as found on the Gateway purchase order. The Metronome invoice totaled \$912,479.01, including tax with a \$227,730 trade-in-discount.

Subject 83 explained that he chose to enter into an agreement with Metronome in 2005 and traded-in “almost all” of the brand new Enterasys switches that were previously purchased by Gateway to receive a \$227,000 discount. He added that this transaction was approved by the former Special Trustee, Subject 84. He further explained that he was incorrect in stating that Gateway would charge a restocking fee, but that Gateway would not accept the return, and Enterasys was willing to take the return, but would charge the 25% restocking fee. Subject 83 instead chose to trade in the equipment to Metronome in exchange for the discount.

Two different purchase orders dated January 5, 2005 had the purchase order number C39032 and were payable to Metronome.net. The purchase orders were for \$520,283.43 and \$531,252.54, totaling \$1,051,535.97. In addition, a purchase order from Gateway dated September 15, 2004 and numbered C39032 showed that \$448,730.31 in Enterasys equipment was purchased. It is unclear why duplicate purchase orders were issued to multiple vendors.

After several unsuccessful telephone calls were placed to Subject 83, a call was placed to Metronome, and a female indicated that any questions would have to be directed to the vice president of the company. A return call was received from Subject 85, the president, and Subject 86, the vice president, of Metronome. They indicated that Subject 83 had purchased a tremendous amount of Enterasys equipment from Gateway and was unable to get rid of it. The president and vice president explained that the Enterasys equipment was outdated and that Metronome gave CCC a significant trade-in-discount on the purchase of new Cisco equipment. In turn, CCC gave Metronome most of the brand new Gateway items and purchased Cisco equipment. They said that an inventory was previ-

ously sent to Subject 83, but refused to provide another one for the team's review. The president and vice president of Metronome indicated that the Enterasys equipment was disposed of, outdated and only worth approximately \$10,000 on E-Bay. However, when questioned again about what happened to this brand-new equipment that was reportedly in original and unopened boxes, Subject 85 became extremely angry and began yelling profanities. When told that the questions were simply part of an effort to find out what happened to the Gateway inventory, Subject 85 responded that his business's financial records were no one else's business, used another profanity and hung up the telephone.

When a telephone call placed to Subject 83 was not returned, an e-mail was forwarded requesting the information that Metronome supposedly sent to him the day before. Subject 83 responded with an e-mail that provided additional information about the transaction that was never provided during the many previous interviews and telephone conversations. He claimed that the Enterasys equipment was purchased from Gateway and shipped to a third-party vendor called Spectrum Communications for configuration and installation preparation. He continued to state that upon traveling to pick up the equipment, two CCC employees used a flat bed truck and several of the boxes fell off the truck during transport. A police report was allegedly filed with the California Highway Patrol. Subject 83 also included with his e-mail a recently prepared inventory of items traded in to Metronome and an inventory that he was compiling of the remainder of the equipment from the Gateway purchase.

The spreadsheets provided by Subject 83 showed that 31 of 523 items were traded in to Metronome. This is contrary to the statements of Subject 83, who explained that almost the entire Enterasys purchase was traded in with the exception of a few switches.

As demonstrated in the following chart, calculations indicate that at least \$193,414.49 in brand new equipment was traded in to Metronome. This is extremely questionable since several individuals indicated that the value of traded-in equipment is generally between 25% and 40% of the original value. If the traded-in products as indicated by both Metronome and the MIS Department were accurate, Metronome gave almost a 100% trade-in discount, which contradicts all testimony.

CCC - Analysis of PO C39032 - Value of Traded-In Equipment		
Item #	Traded-In	Value (Including Tax)
8008822	7	\$ 14,738.05
8008823	3	12,645.54
8008824	6	35,835.50
8008825	1	14,019.35
8008826	1	15,042.98
8008828	4	64,602.59
8008829	1	9,137.20
8008839	3	15,273.56
8008838	2	12,119.72
8008841	1	N/A
*	2	N/A
<b>TOTAL</b>	31	<b>\$ 193,414.49</b>
* Note that equipment was traded-in that does not appear on the Gateway Purchase Order and item #8008841 is valued at 0.00 indicating it was paid for previously.		
<b>The total of this spreadsheet is understated.</b>		

The list provided by MIS indicates 150 items to be missing, according to Subject 83. The number of items labeled “mismatch (*sic*)” should be 154. The following chart indicates that at least \$135,650.79 of this purchase order is missing.

CCC - Analysis of PO C39032 - Value of Mismatch Equipment		
Item #	Mismatch	Value (Including Tax)
8008821	5	\$ 3,318.70
8008827	6	14,701.41
8008830	25	1,939.50
8008834	2	693.91
8008835	38	26,532.36
8008836	27	17,222.76
8008839	1	5,091.19
8008838	7	42,419.02
8008837	2	719.77
8008840	3	23,012.17
8008843	1	-
8008844	35	-
*	2	
<b>TOTAL</b>	154	<b>\$ 135,650.79</b>
* Note that equipment was traded-in or is missing that does not appear on the Gateway Purchase Order. Items 8008843 and 8008844 do not have a value indicating they were paid for previously.		
<b>The total of this spreadsheet is understated.</b>		

Subject 87, who is employed by Gateway and acts as the main contact for CCC, indicated that Gateway had a long-lasting positive relationship with the school, but the relationship worsened after the new Chief Information Officer was hired. Subject 87 explained that Gateway won a \$3 million bid to provide various products and services to the school for the approved upgrade of all servers, storage networks and desktops. In December 2004 or January 2005, Subject 83 asked him to return almost \$500,000 in products. However, since the products had been in the school's possession for more than 30 days, they could not be returned. Subject 87 was informed that CCC would be utilizing another vendor and would not be fulfilling the standing order as previously approved. He also indicated that because of this and receiving late payments for more than \$600,000 in orders, Gateway management decided no longer to do business with CCC. Subject 87 also indicated that he had never heard of any company disposing of computer hardware as Metronome indicated.

Subject 83 stated that the CCC Police Department was attempting to locate the police report for the lost equipment, but to date, that report has not materialized. He continued to state that he consulted with the previous Special Trustee, Subject 84, and he claimed that a representative of FCMAT approved all the transactions. However, this statement is questionable as FCMAT did not have approval authority and did not approve the switch to Cisco. Subject 83 explained that he did not obtain any other bids for this purchase because it occurred through a CMAS contract. This statement is obviously false because a proposal submitted to Gateway by Subject 87 includes Cisco equipment. This proposal was addressed to and prepared with Subject 83 as a contact.

A representative of FCMAT who was present when Subject 83 received approval for this transaction indicated that he expressed serious concerns at the time, but the previous Special Trustee, Subject 84, approved the transaction anyway. He also explained that Subject 83 favors Cisco and that the Enterasys equipment was new technology at the time (contrary to the comments from the representatives of Metronome). He continued to explain that he understands Enterasys to be quality equipment that can be used at a cheaper cost than most other brands. The FCMAT representative was never informed that any of the equipment purchased from Gateway had fallen off a truck or was lost.

Subject 83 indicated that his recollection is poor regarding the duplicate purchase orders with different vendor names. He added that no inventory was completed of all the equipment received and all the equipment traded in to Metronome. Subject 83 said that he contacted Cisco and followed the company's suggestion to use Metronome. Subject 83 also acknowledged having a professional relationship with Metronome while working for a previous employer.

Subject 88, who is with Cisco, explained that Metronome is an authorized vendor of Cisco equipment, but that Cisco did not give any advice or direction to CCC regarding which vendor to select. He said that they simply provided them with authorized vendors from which to choose. He also added that Subject 83 already had a deal in the works with

Metronome before Cisco became involved in the transaction. Subject 88 further indicated that Gateway is not an authorized seller of Cisco products. However, the Gateway Web site showed this statement to be inaccurate since it included several listings for various Cisco products, including the Cisco Catalyst 3560 switch.

Subject 89, who was purportedly one of the individuals who was responsible for picking up the Gateway equipment from Spectrum Communications, indicated that he and Subject 90 took a flatbed truck to the facility and loaded about 100 boxes of approximately three feet by six feet in size onto the truck in stacks of about 10 boxes high. He indicated that on their return trip to the college, they witnessed exactly five boxes fall off the truck. He said that he had no idea of where the boxes fell off, but that it may have occurred on Interstate 91. Subject 89 indicated that a police report was filed with the California Highway Patrol, but he never received a copy nor did he ever learn whether the boxes were recovered.

A large number of new telephones were allegedly purchased, but were missing from the MIS Department. Subject 83 indicated that he could not remember exactly how many of those telephones were deployed, and he instructed Subject 77 to answer this question. Subject 77 said that to the best of his knowledge, approximately 300 telephones were deployed, and the other telephones “should be in storage.”

### ***Conclusions***

As a result of the conflicting information and circumstances surrounding the purchase of computer equipment from Metronome, there are serious concerns over the transactions that have taken place in the MIS Department. An analysis of the inventory of computer equipment throughout the campus demonstrates that exorbitant funding was consistently used to purchase computer products and electronic equipment.

### ***Recommendations***

*The Compton Community College District should:*

1. Conduct a comprehensive investigation into the transactions surrounding the technology purchases discussed in this report.
2. Seriously consider conducting a full scope audit of the MIS Department and its operations.
3. Establish procedures to better monitor and safeguard the technology assets purchased by the CCCD.



## Questionable Payments

Accounts payable files for the 2003-04 and 2004-05 school years were reviewed to analyze purchase orders and invoices to consultants and independent contractors. In addition, a review was conducted of two binders from the Business Office that were allegedly inclusive of all warrants issued during the scope period. For comparison purposes, an electronic warrant listing was provided by the Los Angeles County Office of Education. This review found that in many instances, the warrant computer runs provided by the Business Office did not match the electronic file provided by the county. Several individuals were unable to provide an explanation for this discrepancy. Cancelled checks could not be reviewed because they reportedly are not maintained by the college.

A significant number of questionable payments was made to students, vendors and faculty members for various programs and personal items. Examples of these have been outlined in the following section:

- Subject 7 established an account with the Union Bank of California for a Workers Compensation Revolving Fund. An initial deposit of \$10,000 was made. Subject 7 appeared to be the only authorized signatory for this account, but no records were available for inspection. It has been impossible to determine whether any additional funds were deposited into this account or whether the \$10,000 was withdrawn.
- Credit cards were requested on a Voyage CNG credit card application for Subject 63, Subject 91, Subject 92, Subject 93, Subject 94, Subject 95, Subject 96, Subject 97, Subject 98 and Subject 99.
- An invoice for \$40,000 was for the purchase of 400 Shell gas cards for \$100 each. There was no documentation explaining who was being issued the cards or the purpose of the purchase.
- A payment to the Franchise Tax Board was made for the benefit of Subject 100's taxes for years 2000 and 2001 totaling \$1,162.49. There was no explanation with the documentation to determine why these funds were issued on behalf of a consultant.
- In some instances, employees of the college were providing services to the college and being compensated as a vendor. For example, Subject 101 worked for the M&O Department and received payments totaling \$4,100 for providing international flags for commencement ceremonies.
- Subject 2 owned a catering business and would frequently cater events and meetings while being paid as an employee of CCC. He submitted several requests for reimbursement for food items used to cater those events. Several individuals indicated that he would spend almost 80% of his time catering events around campus.
- Subject 102, a CCC employee, received \$10,000 for recruitment efforts and \$800 as a vendor to provide disc jockey services to the college.

- Direct payments totaling \$52,848.72 were made for the medical bills of Subject 103, another CCC employee. There was no explanation as to why the college paid these bills.
- A review of the accounts payable files found an exorbitant amount of bills and reimbursements for groceries, catering, restaurants and wholesale food stores such as Sam's Club. Many of these purchases were charged to specific programs such as the Upward Bound program, Americorps and the Foster Care program. Several purchase orders were noted for huge quantities of sweatshirts, T-shirts, wind suits, shoes and other apparel. While some of these purchases appeared to be for athletic teams, a majority did not appear to be related to athletics.
- An excessive amount of funds were being spent on catering events.
- A significant number of students were receiving large checks for expenses such as SAT testing, tuition fees, parking permits and books. These disbursements require further inquiry.

### **Conclusions**

Questionable transactions and payments were made to various vendors and individuals. There was inadequate documentation supporting many of these payments. The binders containing issued warrants provided by the Business Office did not correspond with the disk of warrants provided by the county.

### **Recommendations**

*The Compton Community College District should:*

1. Conduct further audit work of accounts payable, including a review of all cancelled checks that are maintained by the county, to determine the legitimacy of certain payments.
2. Implement a centralized function to review the appropriateness of purchase requests, the accuracy of purchase orders and to determine that appropriate documentation exists to support the order.
3. Take steps to ensure that the records maintained by the Business Office correspond with documentation at the county to provide for better audit-ability.

## Review of Accounts Payable

General operational funds are derived from the full-time students that are enrolled at CCC. Additionally, CCC received a variety of categorical funds to support its students. The following is the breakdown of the funds CCC received for 2002 through 2005 as provided by the Business Office.

<b>Program Allocations</b>	<b>Program Name</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Fed	Calif Nutrition Network		171,965	
St Grant	Health Resource and Service		208,401	208,401
Fed Ent	Student Support Services	274,847	248,956	270,637
Fed Ent	College Workstudy	79,449	468,613	681,454
Fed Grant	Upward Bound - Math Science	227,203	220,275	237,686
Fed Grant	Talent Search Program (TRIO)		284,159	228,994
Fed Grant	Upward Bound	440,051	531,898	335,470
St Ent	DSPS - Disabled Students Program	263,062	250,924	260,425
St Ent	CCC - Live Caption Program			30,848
St Ent	EOPS - Extended Opportunity Programs and Services	1,092,608	1,084,812	1,098,052
St Ent	CARE - Cooperative Agency Resources	816,128	775,322	756,418
St Ent	Board Financial Assistance Program	77,045	356,404	353,991
St Ent	VATEA (Title I C - Leadership)	475,358	450,991	218,624
St Ent	VTEA - Tech Prep (Vocational & Applied Technology Education Act)	53,566	60,480	28,896
St Ent	Economic Development	466,010	67,823	49,411
St Ent	TANF (CalWORKs) Temporary Assistance for Needy Families	134,709	142,503	150,584
St Ent	CalWORKs	589,774	608,387	642,575
St Ent	Matriculation	341,759	321,957	322,845
St Ent	Instructional Equipment/Library (Block Grant - One Time)	99,880	135,126	136,503

<b>Program Allocations</b>	<b>Program Name</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>
Local	MESA Program	42,057	20,375	
St Ent	TTIP Grant (Telecom & Technology)	66,228	64,234	53,103
Fed Ent	Community Tech Grant	205,017	45,663	
Loc Grant	Workplace Hollywood		27,800	639
Fed Ent	Workforce Development		8,969	1,043
St Grant	IRDC Economic Development	466,010	473,836	244,729
St Grant	Foster Youth Mentor Program	30,000	6,188	
State	Health Families/GOSERV	109,732	35,472	
St Ent	ECE Literacy		83,123	
St Grant	Foster Youth Mentor Program		9,560	118,000
St Ent	CANS - California Articulation		1,253	3,991
Fed Ent	Title III - Strengthening Institutions	355,622	277,118	6,557
Fed Ent	Title V - Compton-Drew			223,306
St Ent	Human Resources Management - (Faculty & Staff Diversity)	12,312	11,854	11,597
Loc Ent	Japanese Atomic Bomb Exhibit			7,237
Loc Grant	Campus Parking		59,200	37,775
Fed Grant	NYSP - National Youth Sports Program	118,201	62,588	119,335
State	Lottery	718,677	827,860	747,426
State	Partnership for Excellence	1,320,031	1,129,265	966,999
State	Academic Administration	323,474	288,448	288,448
State	Physical Plant & Instructional			153,110
Child Care	Child Development Center	187,715	106,077	113,887
Child Care	Child Care Food Program	2,122	19,895	28,341
Child Care	Child Dev Training Consortium	11,063	12,500	18,545
Child Care	Child Dev Mentor Program			9,640
Child Care	Child Development Centers		18,708	
Child Care	Child Care Food Program		8,488	
Child Care	Child Development Infant/Toddler	375,227	257,646	202,014
Child Care	Infant/Toddler Off Campus		69,920	11,963
Child Care	Infant/Toddler Child Care Misc.			29,677
Child Care	Careers in Child Care Training	76,750	94,701	101,981
Child Care	CDC Instructional Materials		1,802	
Child Care	CDC Capacity		2,938	
Child Care	Foster Parent Program	184,092	166,857	96,101
Child Care	Foster Parent Ind Living "A"	12,900	12,900	60,664
Child Care	Foster Parent Ind Living "B"	35,205	36,205	36,972
Child Care	Foster Parent Block Grant	10,000	8,000	11,260
Child Care	Estep	16,448	16,448	565
Child Care	Keps	75,816	35,365	
State	Enrollment Growth Grant for Associate Degree Nursing Program	59,701	49,882	58,823
<b>TOTAL</b>		<b>10,245,849</b>	<b>10,751,822</b>	<b>9,777,941</b>

A limited review was completed of a portion of the charges to some of these programs. This review indicated that questionable charges and costs not applicable to the programs were consistently included in the costs for reimbursement from the agency in an attempt to transfer CCC general operating costs to a funded program.

Examples of these practices included questionable practices in the Title III, Title V, CalWORKs and the Talent Search programs, some of which will be outlined in this report.

### ***Conclusions***

Categorical funds were misused, and potentially fraudulent activity may have occurred involving certain grants and categorical programs.

### ***Recommendation***

*The Compton Community College District should:*

1. Conduct additional audit work relative to fund disbursements to determine compliance with grants and/or state mandates. Any significant findings should be submitted to the proper authorities.



## CalWORKS

A provision of the State Budget Act states that CalWORKs funds “are for the purpose of assisting welfare recipient students and those in transition off of welfare to achieve long-term self-sufficiency through coordinated student services offered at community colleges, including: work-study, other educational related work experience, job placement services, child care services, and coordination with county welfare offices to determine eligibility and availability of services. . . . These funds shall be used to supplement and not supplant existing funds and services provided for CalWORKs recipients attending community college.”

Interviews with Subject 74 and Subject 104 as well as current and former CalWORKs employees indicated that the program was poorly operated. Ghost employees and student worker “no shows” were the norm. A number of individuals indicated that many friends of former board members were given contracts to work in CalWORKs. CalWORKs employees reportedly never had attendance monitored. Included in the group were the following employees: Subject 105, who is listed in documents as a counselor, but never acted in that role and rarely showed up for work, according to testimony; Subject 100, a person closely connected to current and former elected board members whose personal income taxes were paid for two years; Subject 106, whose exact duties were unclear, and Subject 107, who had a day job and was paid for time not worked.

A number of M&O employees indicated that Subject 108, a student worker, frequently did not come to work, but Subject 74 approved the unworked hours. Interviews disclosed that Subject 108 is a student at another college, but was scheduled to work at CCC under Subject 74 during the current semester. This arrangement reportedly was terminated after it was questioned for this report.

Attempts were made to document many of these allegations by reviewing documents on the operation of the department, but employees indicated that Subject 74 destroyed most of the CalWORKs documents a few months ago. Subject 74 said throughout interviews for this audit that the last audit showed “everything was correct” however, this was not the case. Attempts also were made to secure payroll records from the Payroll Department, but these efforts were unsuccessful because the person responsible for maintaining the records retired, and the temporary staff reportedly did not know where they were located.

Names and pay rates could not be obtained from Subject 104, who indicated that he maintained CCC records in his car and in his garage because someone broke into his office on several occasions and attempted to steal them.

CalWORKs funds paid for all the salaries of many working CCC students. According to CCC CalWORKs staff, these students worked on campus as well as for off-campus employers. Among the off-campus employers that received or are receiving free staffing from CalWORKs is St. Timothy’s Day School. Subject 15 and Subject 47 are on the board of directors of this organization as well as Wallace Café, which reportedly owed CalWORKs approximately \$40,000 to \$60,000. Subject 74 never collected and forgave these amounts. The program only recently started charging the CCC Police Department for staffing because they “didn’t have a budget,” and until July 2005, all internal departmental CalWORKs students were fully paid by CalWORKs funds.

## **Conclusions**

Fraud appears to have occurred involving funds of the CalWORKs program. Certain students did not appear at work, but were still fully compensated. Employers frequently did not pay for the students who performed work at their establishments. In addition, CCC employees removed vital records from the campus, and another employee disposed of a large number of program records before they could be reviewed.

## **Recommendations**

*The Compton Community College District should:*

1. Attempt to determine how much CCC expended to fully pay students' salaries, and these misappropriations should be returned. Appropriate legal action should be taken against employers who received free labor from the program.
2. Require all students of the CalWORKs program to submit accurate and verifiable time cards prior to being issued their paychecks.
3. Ensure that all records are maintained on campus in a secure location. Take appropriate disciplinary and/or legal action against all employees who removed or destroyed any CCC documentation or assets from the campus.

## Upward Bound

According to the U.S. Department of Education Web site, “Federal TRIO Programs are grants given by the agency for educational opportunity outreach programs designed to motivate and support students from disadvantaged backgrounds.” One of the programs under the auspices of TRIO is the Upward Bound Program.

Upward Bound is supposed to provide “fundamental support to participants in their preparation for college entrance. The program provides opportunities for participants to succeed in their precollege performance and ultimately, in their higher education pursuits. Upward Bound serves the following: high school students from low-income families; high school students from families in which neither parent holds a bachelor’s degree; and low-income, first-generation military veterans who are preparing to enter postsecondary education. The goal of Upward Bound is to increase the rate at which participants complete secondary education and enroll in and graduate from institutions of postsecondary education.”

Upward Bound projects are supposed to provide academic instruction in mathematics, laboratory sciences, composition, literature, and foreign languages. In addition, these projects include the tutoring, counseling, mentoring, cultural enrichment, and work-study programs.

A limited review of expenses charged to the Upward Bound program at CCC disclosed a significant number of questionable expenses charged to the program. These expenses include the following:

Payee/Location	Period	Amount	Description on Documents
2-Tuff Entertainment	2003/2004	\$200.00	For Christmas Party
Barnes v& Noble Bookstore	2003/2004	1,861.70	For Books & Supplies
Beu’s Ballons & Flowers	2003/2004	303.10	For Decorations
Douglas Burgers	2004/2005	355.38	For 70 Hamburger Combos
Expressions To Wear	2004/2005	4,484.20	For T-Shirts, Jackets, Clothes
Hurricane Harbor	2003/2004	3,073.00	For Tickets
L.A County Zoo	2004/2005	720.00	For 120 Admission Fees
Long Beach Marina Sports Fishing	2004/2005	650.00	For Fishing Licenses and Fishing Supplies
Los Angeles Sparks	2004/2005	2,025.00	For 150 Tickets
Magic Mountain	2003/2004	4,640.00	For Tickets
McDonald’s	2004/2005	194.40	For Lunches
McDonald’s	2004/2005	275.40	For Lunches
Medieval Times	2003/2004	4,891.90	For Cultural Event
Michelle Baggett	2004/2005	449.24	For Lunch Food Service for 60 People
Oscar Caliman	2003/2004	1,260.00	For Bus Tokens
Pizza Hut	2004/2005	750.00	For Lunches at Pizza Hut
Pizza Hut	2004/2005	153.72	For Lunches at Pizza Hut
Pizza Hut	2004/2005	161.83	For Lunches at Pizza Hut
Pizza Hut	2004/2005	1,701.72	Requisition was only \$130.00

Queen Jones/Healthy Queations	2004/2005	446.00	For Food Items
Quiznos Sub	2004/2005	395.40	For 60 Lunches
Quiznos Sub	2004/2005	2,523.30	For 50 Small Oven Roasted Turkeys For 11 Days
Quiznos Sub	2004/2005	384.05	For 60 Small Oven Roasted Turkeys
Red Carpet Charters	2003/2004	950.00	Trip to Los Angeles Theatre
Red Carpet Charters	2003/2004	2,600.00	For Bus Rental For Student Trips
Red Carpet Charters	2003/2004	11,100.00	For Bus Rental For Student Trips
Red Carpet Charters	2003/2004	1,350.00	For Bus Rental For Student Trips
Red Carpet Charters	2003/2004	450.00	For Field Trip to Cal State Dominguez
Red Carpet Charters	2003/2004	2,400.00	For Bus Rental to 6 Flags
Red Carpet Charters	2004/2005	1,400.00	For Field Trip to Knotts Berry Farm
Red Carpet Charters	2004/2005	600.00	For Bus Rental for Field Trips
Red Carpet Charters	2004/2005	950.00	For Bus Rental to Black College Expo
Red Carpet Charters	2004/2005	1,100.00	For Bus Rental for Field Trips
Ripley's Believe It or Not	2003/2004	1,600.00	For Field Trip
Sampaguita Corp.	2004/2005	355.00	Bus Rental for Trip to Santa Ana Zoo
Sea World	2003/2004	4,495.00	For Tickets
Subway-Downy	2004/2005	288.00	For Sandwiches For The Week
Subway-Downy	2004/2005	816.00	85 Lunches for Students
Universal Studios	2003/2004	3,416.00	For Cultural Event
Unknown	2003/2004	\$2,500.00	For 100 Homecoming Cruise Tickets

## Conclusions

Funds issued to the Upward Bound program may have been misused and/or fraudulently spent for noneducational purposes such as trips to Hurricane Harbor, Magic Mountain, Medieval Times and for tickets to a Los Angeles Sparks game.

## Recommendations

*The Compton Community College District should:*

1. Conduct a further review of all activities and expenses related to this program. The findings should be referred to the appropriate authorities for further investigation.
2. Require that all expenditures be supported with adequate documentation so that an examination can be conducted to ensure the validity of all expenses.
3. Develop and implement policies and regulations relative to fiscal practices for Upward Bound funds.

## Kollege for Kids

CCC offered a program titled Kollege for Kids that was administered by Subject 109. According to interviews and newspaper articles, the program was supposed to include classes in mathematics, phonics/spelling, grammar/composition, SAT preparation, computer and conversational Spanish. A limited review of disbursements disclosed several items charged to the program that are questionable in nature. Of particular note was the \$31,686.94 for GPS tracking equipment that is utilized by land surveyors and a rental fee at Storage USA for Subject 109.

An attempt was made to interview Subject 109, who is now the editor of The Hub newspaper. Contacted by telephone, Subject 109 requested that the request be put in writing and e-mailed to him. A number of e-mails and voice mails left for him were unanswered. A return telephone call was received from Subject 110, who is the owner of the paper, requesting information about the audit and findings to date. Subject 110 also visited the campus to request an interview with the auditors, and was referred to FCMAT management.

Following are examples of questionable expenses applicable to Kollege for Kids and Subject 109:

Payee/Location	Period	Amount	Description on Documents
Best American Hospitality, Inc.	2003/2004		Standing order/ Food items-K4K
<b>Subject 111</b>	2003/2004	1,622.67	Photographs
<b>Subject 112</b>	2003/2004	250.00	Consulting services for K4K
LA Security Storage	2004/2005		Letter RE: <b>subject 109</b> Space 5401 to increase to \$350.00 per month
Pizza Hut	2003/2004	526.71	Lunches for KFK
Pizza Hut of America	2003/2004	50.91	Purchase order for \$24.33
PTL Carpets	2004/2005	475.00	Install IDRC office carpets
PTL Carpets	2004/2005	1,398.07	Plywood for K4K
Rascal's Restaurant	2003/2004	975.00	No Description
<b>Subject 109</b>	2003/2004	145.16	Miscellaneous- food, office supplies, prints
<b>Subject 109</b>	2003/2004	154.00	Miscellaneous- food, office supplies, prints
<b>Subject 109</b>	2003/2004	86.51	Miscellaneous- food, office supplies, prints

<b>Subject 109</b>	2003/2004	567.52	Miscellaneous- food, office supplies, prints
<b>Subject 109</b>	2003/2004	592.11	Food/Meals
<b>Subject 109</b>	2003/2004	228.70	IDRC breakfast
<b>Subject 109</b>	2003/2004	165.44	Storage
<b>Subject 109</b>	2003/2004	576.22	Miscellaneous- food, gas, prints
<b>Subject 109</b>	2003/2004	156.79	Propane gas, hazardous material handling
<b>Subject 109</b>	2004/2005	221.33	Miscellaneous- food, office supplies, prints
<b>Subject 109</b>	2004/2005	233.64	Miscellaneous- food, supplies
<b>Subject 109</b>	2004/2005	111.19	Miscellaneous- food, prints
<b>Subject 109</b>	2003/2004	65.00	Rental fee- unit # B041
Smart & Final Credit	2003/2004	61.76	Refreshment items for IDRC
Smart & Final Credit	2003/2004	144.27	Food supplies for Kreme cart
Smart & Final Credit	2003/2004	568.99	Food & plates for Kollege 4 Kids
Smart & Final Credit	2003/2004	260.78	Food for IDRC meeting 3/18/04
Southland Business Development	2004/2005	990.00	For meetings/IDRC
Southland Business Development	2004/2005	855.00	For meetings/IDRC
Trimble Navigation	2004/2005	31,686.94	For tracking equipment
Unlimited Impressions	2003/2004	2,980.00	For Pamphlets- appears to be a Duplicate payment - an over charge
Unlimited Impressions/Santiago Ardines	2003/2004	\$4,185.00	“Check to be picked up by Subject 109”

Information was received from a number of individuals that Subject 109 charged students \$350.00 - \$500.00 to attend the Kollege for Kids program despite the fact that CCC received various grants for this specific program. The Business Office was unable to determine whether this income was turned over to CCC. Subject 109 established a corporation on the campus of CCC under the name Community Services Network, Inc. However, no

one could provide any reasonable explanation as to why Subject 109 would have established his own corporation using the CCC address.

A statement from Phantom Fireworks indicated that a fireworks purchase of \$16,705.21 was made July 1, 2003 by "Subject 109 – Compton College – Kollege for Kids & Teens." The statement indicates two credit memos were issued on July 15, 2003, totaling \$4003.07 and multiple payments on July 31, 2003 totaling \$10,000. On August 25, 2003, a late fee of \$40.53 was added to the statement and on October 27, 2004, CCC paid the outstanding balance of \$2,742.67. The source of the other payments are unknown as they are not reflected in the records provided. According to a July 28, 2004 memo from Subject 109 to Subject 15 found in the folder, \$2,770 was deposited into the "fireworks account after the fund raiser." Numerous inquiries were made into the status of this account with the Business Office, and no one was able to provide any information or supply the bank statements.

### ***Conclusions***

An employee of Kollege for Kids may have misused funding delegated to the program. Funds were utilized for the reimbursement of large quantities of food, gas and for other larger purchases such as fireworks, GPS tracking equipment used by land surveyors and multiple storage units. Allegations are that Subject 109 personally charged a fee for individuals to attend the program. However, the location of the funds received could not be determined. Subject 109 also established a nonprofit corporation on the campus and served as its president. There is evidence that another bank account existed, and the Business Office had no knowledge of this account.

### ***Recommendations***

*The Compton Community College District should:*

1. Establish and enforce policies and strict guidelines regarding the use of program funds.
2. Maintain adequate documentation in the Business Office of all bank accounts opened and maintained by CCC.
3. Conduct additional investigation and analysis to determine the true extent of misused funds. All misappropriations should be properly identified, and those funds should be returned to CCC.
4. Refer this fraudulent activity to the appropriate authorities for potential action.



## **TANF Program**

A preliminary review of the charges to the TANF program funds found that two CCC employees working in the Business Office but not connected with the program were charged to these funds.

## **Conclusions**

CCC charged employees to the fund that did not meet the requirements for funding.

## **Recommendation**

*The Compton Community College District should:*

1. Ensure all misappropriated funds are properly refunded to the program,
2. Implement controls to ensure that these misappropriations do not occur in the future.



## ***Compton Community College Development Foundation***

The Compton Community College Development Foundation was formed in 1979, as a not-for-profit organization under Section 501 (c) 3 of the Internal Revenue Code. Its stated mission is “to help ensure the academic development and excellence of students through financial and other forms of support, to establish scholarship programs and services that benefit our students, and to create fund raising initiatives that will support the programs and services of CCC.”

Allegations were made that the foundation was used as an inappropriate fund by a board member, Subject 47, who also serves as a trustee of the foundation. Besides being paid their salaries from the college general fund, certain CCC employees also received payments for other services from the foundation. As an example, Subject 2 was paid \$11,754.92 from the foundation from July 1, 2003 through June 30, 2005 for catering campus events while being paid as an employee. Similarly, payments were made from the foundation to M&O employees for working campus events. The following chart is an example of these payments:

<b>Foundation Payments to Compton Maintenance &amp; Facilities' Employees</b>				
<b>Check #</b>	<b>Date</b>	<b>Payment</b>	<b>Name of Employee</b>	<b>Journal Explanation</b>
1163	8/7/2003	200.00	<b>Subject 93</b>	Press Conf. Major League Baseball
1170	8/29/2003	200.00	<b>Subject 93</b>	Major League Baseball event
1175	9/9/2003	200.00	<b>Subject 91</b>	Community Service
1194	11/10/2003	300.00	<b>Subject 91</b>	Community Service
1223	1/7/2004	200.00	<b>Subject 91</b>	Parade Services, President's Fund
1239	2/27/2004	200.00	<b>Subject 113</b>	Program Exp., President's Fund
1218		100.00	<b>Subject 114</b>	Parade Services, President's Fund
1220		100.00	<b>Subject 115</b>	Parade Services, President's Fund
1292	8/20/2004	1,000.00	<b>Subject 115</b>	Payroll; Loans
1219		100.00	<b>Subject 116</b>	Parade Services, President's Fund
1233	2/9/2004	2,000.00	<b>Subject 116</b>	Event Cleanup, Loans
1162	8/7/2003	100.00	<b>Subject 94</b>	Press Conf. Major League Baseball
1222	1/5/2004	404.68	<b>Subject 117</b>	Parade Services, President's Fund
1045	9/11/2001	225.00	<b>Subject 78</b>	Program Exp: Lunch
1100	6/24/2002	285.00	<b>Subject 78</b>	Program Exp: Lunch
1139	4/15/2003	300.00	<b>Subject 78</b>	PR, President's Spec. Fund
1140	4/15/2003	114.32	<b>Subject 78</b>	President's Special Fund
1159	8/7/2003	500.00	<b>Subject 78</b>	Press Conf. Major League Baseball
1288	6/10/2004	700.00	<b>Subject 78</b>	Employee, Loans

Besides making payments to CCC employees, foundation funds were also used to pay CCC consultants, pay CalWorks student workers, rent off-site facilities, and to pay preferential vendors for repairs of campus facilities.

Foundation checks were made payable to cash on September 2, 2003 and on September 9, 2003 for \$1,166.00 and \$2,732.50 respectively, with no notation other than “community service” as the purpose for both checks. Checks were also written to Beverly Hills Rent-A-Car, Lexus of Cerritos, and Baxter Sportswear that appear to be of a personal nature and not related to the business of the foundation. During fiscal year 2003, \$992,663 went through the foundation to pay Southwest Recreational for improvements to the school’s athletic track. Additionally, deposits and checks listed in the foundation’s journal often simply have the description “President’s Fund” or “President’s Special Fund.”

The foundation failed to report all of its assets, as required, on the 990 forms filed annually with the Internal Revenue Service. Specifically, approximately \$275,000 worth of securities was not reported on Form 990. The foundation had a brokerage account with the investment firm, Sutro & Company. Opened prior to the 2002 fiscal year, this account had a value of \$275,643.13 on March 11, 2002. The account was not diversified, containing 4,895 shares of Abbott Laboratories stock, valued at \$267,609.65 and 8,033 shares of the Freedom Fund, valued at \$8,033.48 on March 11, 2002. Those securities were transferred on that date to an account with the firm of RBC Dain Rauscher. Subject 118, an employee who is listed on the form 990 as an officer of the foundation, stated that she did not know that she was an officer. She claimed to have no knowledge of the foundation or any of its transactions. Subject 119 also claimed no knowledge of the whereabouts of those securities and was unable to account for them. Subject 119 was asked to call RBC Dain Rauscher to investigate the missing assets. As a result, Subject 119 reported on October 2, 2006 that according to RBC Dain Rauscher, the foundation’s account had been “purged” from the investment firm’s computer records. One day later, subject 119 faxed a copy of the foundation’s December 2002 RBC Dain Rauscher statement. The statement revealed that the 4,895 shares of Abbott Laboratories were sold for \$197,672.57 on December 16, 2002 and \$209,243.95 in funds were withdrawn from the account on December 20, 2002, reducing the account balance to zero. It appears that the funds were withdrawn to fund one of the payments made to Southwest Recreational, which was contracted to renovate CCC’s athletic track, and is shown in the following table:

<b>Flow of Funds Regarding Payments to Southwest Recreational</b>				
<b>Check #</b>	<b>Date</b>	<b>Deposit</b>	<b>Payment</b>	<b>Journal Explanation</b>
	10/11/2002	466,773.00		Deposit, Contrib. Income
1117	10/11/2002		466,773.00	
	11/22/2002	283,227.00		Deposit, Grants
1125	12/6/2002		283,227.00	
	1/9/2003	209,243.95		Deposit, Sutro & Co.(sic)
1135	3/19/2003		242,663.00	
	Total	\$ 959,243.95	\$ 992,663.00	

Since the partnership formed by CCCD with El Camino Community College (“El Camino”), El Camino has composed a list of CCCD employees who do not meet the minimum qualifications of their positions. That list includes the Subject 119. The list indicates “No BA degree” in the comments section of the list. Prior to the partnership with El Camino, CCCD maintained written job descriptions and their minimum requirements. The job description for Project Director, Title V Learning Communities Programs requires a Supervisory/Administrative California Community College credential or possession of a master’s degree. The Director of the Foundation does not meet the minimum requirements for the position. The director submitted to CCCD administration a request to change the minimum requirements to a master’s degree *or* five years of professional experience in resource development in higher education, qualifying herself for the position. A request was made of Subject 120 of Human Resources to provide the name of the administrator who approved this change in requirements. No one complied with this request. The CCCD has since indicated that the change in the job description was to reflect the qualifications in the original grant document, and was approved by the CCCD Cabinet.

### ***Conclusions***

The CCC Development Foundation is a separate nonprofit corporation from the college. The CCC Development Foundation was used to divert monies to employees who are then paid nontaxable income. Money also was diverted from CCC and deposited in the CCC Development Foundation almost every time space was rented for auxiliary events and services.

Multiple checks made payable to cash were issued from the CCC Development Foundation. The individuals who received them were unknown. The CCC Development Foundation failed to report all its assets and investments as required by the Internal Revenue Service.

Title V is a function of the CCC Development Foundation and the employees of the Foundation are paid with Title V funds. The job description for the Project Director, Title V, was recently amended to reflect the original grant document and requirement allowing for job experience as a substitute for a degree. This was done after the CCCD realized that the employee in that position did not meet the minimum qualifications.

### ***Recommendation***

*The Compton Community College District should:*

1. Implement strict internal controls so that funds of this and every other college program are thoroughly monitored.



## Associated Student Body ASB

The ASB's balance sheet as of June 30, 2005 consisted of general fund cash of \$100,527, scholarship and club funds of \$62,843 and receivables of \$150,330, totaling assets of \$313,700. Expenditures for the fiscal year ending June 30, 2005 totaled \$204,865. Unlike most organizations, whose smallest expense account is the "miscellaneous" account, the ASB's largest single expense is \$27,396 for the year ending June 30, 2005. The other expenditures are primarily for student extracurricular activities, overwhelmingly for athletics.

CCC's Business Office provided the following list of the ASB bank accounts:

Fund	Name of Bank	Bank Account Number	
General Fund	US Bank	1-534-9503-3604	
Clubs & Organizations	US Bank	1-534-9503-3612	
Scholarships	US Bank	1-534-9503-3620	
Trust Fund Clubs	Bank Of America	08899-32237	Closed
Scholarships	Bank Of America	08898-32242	Closed
Ophelia Scott Scholarship	Bank Of America	08891-04978	Closed
Basketball Team	Bank Of America	08898-05956	Closed
General Fund	Bank Of America	08892-32268	Closed
Charles Williams MD Scholarship	Bank Of America	08894-04990	Closed

The Business Office was unable to provide all the bank statements and reconciliations for all bank accounts for July 1, 2003 through June 30, 2005, claiming that a former accounting clerk took records home. No check registers were obtained. Additionally, many of the cancelled checks were missing from the files. The Business Office initially turned over a shoebox of cancelled checks from five bank accounts that included the general fund, clubs, organizations and scholarships, but failed to turn over any records for seven other bank accounts. However, based on the check number sequence gaps, it was determined that the business office failed to turn over 3,234 checks, limited to the bank accounts for which they provided any records, as shown by bank account numbers in the following list:

Fund	Name of Bank	Color of Check Stock	Bank Account Number	Number of Missing Checks
General Fund	U.S. Bank	Purple	165400242336	1,560
General Fund	U.S. Bank	Pink	153495033604	71
Clubs & Organizations	U.S. Bank	Green	165400242344	10
Clubs & Organizations	U.S. Bank	Bright Green	165400242344	73
Clubs & Organizations	U.S. Bank	Light Blue	153495033612	11
Scholarship	U.S. Bank	Blue	165400242328	1,509
			Total	3,234

The Business Office subsequently accounted for a small number of voided checks to account for some of the missing checks. However, most of the checks remain missing.

Requests have been made of the Business Office to provide additional documents, including check registers, disbursements backup documentation, all cancelled checks from July 1, 2001 through June 30, 2005. However, a review of the 2006 fiscal year check register revealed that most of the checks issued from the general fund are payable to employees and students. Additional audit work must be performed once the requested documents are received. It is particularly noteworthy that a former ASB President embezzled ASB funds, and another was arrested for identity theft.

### **Conclusions**

A considerable number of checks issued through the ASB were indicated as a miscellaneous expense. A considerable amount of records on ASB bank accounts were in complete disarray and many were missing. The ASB was routinely used inappropriately to make nontaxable payments to CCC employees, many of which were unsupported based on the records made available.

### **Recommendations**

*The Compton Community College District should:*

1. Properly record and classify all checks issued through the ASB to establish a clear purpose for that payment.
2. Conduct additional audit work once the necessary documents are located.
3. Establish and implement a systematic manner of filing and maintaining records to allow for accountability.
4. Establish stricter guidelines that describe the proper use of all funds.
5. Prohibit CCC employees from receiving any funds from the various ASB bank accounts.

## ***Union Institute and University***

Union Institute & University (“Union”) operated from the CCC campus. In an agreement signed by Subject 81 in September of 2003, the college furnished classroom space to Union for a monthly fee of \$2,890 and an additional charge for a CCC telephone extension. Additionally, all Union students were required to purchase a parking permit from CCC. The agreement states that all checks were to be payable to the CCC Development Foundation. In October of 2004, Subject 47 increased the monthly rent, effective January 2005, to \$4,250 in return for allowing Union the use of two offices and the “use of classrooms” for its evening program.

These monies were paid to the foundation. During this review, no payments were disclosed from the Union for the “additional charge for the CCC extension” or for having another college operating from the campus.

## ***Conclusions***

Union Institute rented classroom space at the campus. Income was diverted to the CCC Development Foundation. Documentation was not available to establish why this institution was operating on the campus.

## ***Recommendations***

*The Compton Community College District should:*

1. Establish a written policy for the use and rental of campus facilities.
2. Deposit all income resulting from the rental of campus facilities in the general fund of CCC.
3. Conduct a legal review of contracts to determine the purpose and relevancy of each program currently operating on the campus.



## *Use of School Facilities*

There were numerous allegations that school facilities were being used for personal gain. The fees being charged for space rental were established in 2001 and are understated for current use. Additionally, the Manager responsible for coordinating the use of campus facilities had certain events removed from her supervision by Subject 47, Subject 74 and Subject 48, who handled them personally.

A number of events have been held by different groups, and no fee has been reported in the receipts of CCC or the foundation. There were events in which Subject 74, Subject 47, subject 44, subject 125, subject 126 and subject 127 all waived the fee.

### **Mega Peace Fest**

In November 2005, an entity calling itself “Fired Up Records” located at 440 W. Compton Blvd., Compton, CA 90220-3009 applied for use of the school facilities and staff for a concert and car show. The company estimated that it would have 80 paying participants and 5,000 spectators at \$20 per person and would collect sponsorships ranging from \$2,500 to \$10,000. Video of the event disclosed large sums of participants and spectators.

The coordination of this event was orchestrated by Subject 48. A document disclosed that Subject 48 was also listed on the sponsor receipts as a “Verification of Event Contact.”

Included in the package of materials about the event was a letter written by Subject 128, Acting Captain of the County of Los Angeles Sheriff Department, to Subject 130 discussing the cost of hiring personnel. Subject 128’s letter is identical in content to a letter written by subject 48 on the same day to the same person in the same type font. Subject 128 indicated that they never worked Megafest and that the Sheriff’s Department only submitted a proposal. He further stated that any monies collected by the LA Sheriff’s Department would have gone directly to the Sheriff’s Department payroll fund and the deputies would have been paid their normal wages and overtime.

Subject 48 used the letter with Subject 128’s name to obtain for himself and his officers wages (paid from the foundation) at the Los Angeles Sheriff’s Department’s billable rates. A press release issued by the college promoting the event indicated that some of the proceeds were to go to the CCC Foundation. A review of documents did not disclose any checks from the event paid by “Fired Up Records” in the foundations records or CCC business records.

A check with the CA Secretary of State did not disclose any listing for Fired Up Records but Williams Video Shop is located at the same address, uses the same telephone number and is operated by the same individual (Subject 130).

## **Cafeteria/Catering**

The college has contracted with various food vendors and vending companies to manage all catering on campus and provide food and snacks. The audit indicated that revenue from these sources has never been verified and are paid to the Foundation.

## **Mosque #27 (Nation of Islam)**

In June 2005, Subject 131 of the Nation of Islam rented the gymnasium facilities at CCC for \$1,200 and direct costs of \$3,072, totaling \$4,272 for an event that was to have 2,500 participants. Subject 74 handled this transaction exclusively and removed any dealings with the Nation of Islam from the manager responsible for facilities. It appears, based on documents, that Subject 74 reduced the fee by \$768, citing a discount for “8 men @ 192.00 per hour.” Records indicate that CCC was only charging for “6 men.”

According to the Manager of Facilities, Subject 48 accepted a personal check signed by Subject 132, rather than a certified check or money order as was the norm, according to Subject 78, and the check was returned unpaid. Neither Subject 74 nor anyone else at CCC made any attempt to collect this debt.

In August 2004, Subject 131 again applied for use of the gym, and this was approved by Subject 81. This event was to be a meeting with 2,500 people attending. A note on the application indicates “per Subject 133, he and Subject 134 will work event, amount unknown, they are to be paid direct.” Another document said, “No invoice issued –directed to provide permit by Subject 81 – School Sponsor.” A copy of a check for \$1,000 dated 8-12-04 was written by Subject 132 to “Compton College.”

In July 2004, the same group held a 700-person event in the gym and charged an admission fee of \$7 per person. The invoice from CCC to the group reflects a \$3,156 charge. No income from this event was reported in the records of CCC or the foundation, but a note on the invoice indicated “Facility approved by Subject 81 - Charges unknown. Notified by subject 81 that about \$1,000.00 was charged and check to CCC Court for Black Student Union.” No records were provided from the Black Student Union account.

## **Pittsburg Pictures/ \* Associates, Inc. (\*Subject 135)**

**1174 Sandwood Place  
San Pedro, CA 90731**

Pittsburg Pictures filmed a movie at CCC in 2001. The phone number listed for Pittsburg Pictures was the home telephone number of Subject 135 of Associates, Inc. The audit team had a number of questions about this company. Subject 135 stated that he had no other connection to Pittsburg Pictures except that he referred the company to the college. Subject 135 admitted that from 1999 through 2005, he conducted approximately 6-8 seminars at \$500 per seminar on “staff development” for the CalWORKs program at the request of Subject 104. Research indicates that Subject 135 operates a Driving Education School. Subject 135 was unable to explain what was taught at the seminars he presented. He stated that he only conducted seminars for CCC.

A document showed a payment of \$15,000 in March 2001 to Subject 135 of Associates, Inc. to advertise, search, recruit, screen, rate and recommend a Director – Classified Personnel. Subject 135 said he could not remember performing this service, but he admitted that he performed a job search for CCC in about 1993 and found Subject 81 for the position of President. A former employee of CalWORKs stated that she believed that Subject 135 inappropriately provided funds to Subject 104, but she could not elaborate.

### **Wells Fargo Bank – Wealth Building Seminar**

A “Wealth Building Seminar” was held at CCC in June 2006. Although the organization projected an attendance of 200 people, Subject 126 waived the fees for the facilities rental for this organization and instructed the Manager of Facilities to change the notation on the invoice from “Fees waived by Subject 126” to “College related event fees waived.” A check for \$3,150 was given to the CCC by the foundation to reimburse the direct costs to the college of \$3,280.

### **Las Vegas Classic**

A flyer indicates that Board Member Subject 136 hosted an event called “The Las Vegas Classic.” According to the flyer, the organizer charged \$260 per person for luxury bus transportation, game tickets, refreshments, a buffet, reception and rooms at the Las Vegas Hilton. The flyer indicates that the payment was to be made to CCC - Community Services Programs. The monies were collected by Subject 137, a former employee of CCC. All attempts to speak with Subject 137 were unsuccessful.

### **CarsNet Inc and VSPI Inc.**

In a letter written in 2004 by Subject 47 and sent to Subject 7, all monies received from these two entities were to be deposited in the CCC Development Fund. None of this income was reported in the books of the foundation.

### **Businesses Using College Address**

A number of businesses registered with the state operated off the CCC campus during the audit period, but CCC has not reflected any income for these businesses. They include the following:

**Business Name**

**Mailing Address**

(If different from business)

ASTRA, INC. D/B/A Subway Sandwiches & Salads  
1111 E Artesia Blvd  
Compton College  
Compton, CA 90221

<b><u>Business Name</u></b>	<b><u>Mailing Address</u></b>
Barnes & Noble College Bookstores Inc. 1111 E Artesia Blvd Suite 357 Compton, CA 90221-5314	120 Mountain View Blvd Basking Ridge, NJ 0790
Berki & Berki, Inc. (Used Car Dealers) 1111 E Artesia Blvd Compton, CA 90221-5314	1700 W. Valley Blvd Colton, CA 92324
GT CARS, INC. (Used Car Dealers) 1111 E Artesia Blvd Compton, CA 90221-5314	825 W 16 <sup>th</sup> Street Newport Beach. CA 92663
CASH CONVIENCE INDUSTURY 1111 E Artesia Blvd Compton, CA 90221-5314	(Check Cashing Service)
Community Services Network 1111 E Artesia Blvd Compton, CA 90221-5314 President: Subject 109 (Established by Subject 109 as a Public Benefit Corporation in 2000)	
EDD Crisis Center (Crisis Intervention Service) 1111 E Artesia Blvd Compton, CA 90221-5314	
Thyra's Healthy Deli 1111 E Artesia Blvd Compton, CA 90221-5314 Contact: Subject 146	
Wallace's Café Helbig Enterprises 1111 E Artesia Blvd Compton, CA 90221-5314 Contact: Subject 147	

## ***Conclusions***

School facilities are frequently rented, and the income that is received is deposited in the CCC Development Foundation. However, the income associated with renting facilities at CCC was not reported in the books of the CCC or CCC Development Foundation. On many occasions, the rental fees were waived by CCC administrators. The employees staffing many events were often compensated in addition to their normal salaries. Insufficient written policies exist applicable to the renting of CCC facilities.

## ***Recommendations***

*The Compton Community College District should:*

1. Conduct an administrative, governance and legal review of all district policies and regulations where appropriate.
2. Develop a detailed written policy to provide strict guidelines to be followed when entering into an agreement regarding the use of school facilities by outside entities.
3. Deposit all income as the result of such activities in the CCC general fund.
4. Establish internal controls to review and monitor all these programs for appropriateness and accountability.
5. Conduct additional investigation of some of the agreements by an agency capable of compelling testimony and subpoenaing records.



## ***Car Repairs***

Auto repair class instructors allegedly were charging for car repair services performed at the auto repair and collision shops located in the VoTech building using CCC resources. During a visit to the collision shop on Friday, September 15, 2006, Subject 138 was making repairs to the body of a car. No one else was in the collision shop at the time. When asked which auto repair class was being conducted, Subject 138 replied that there are no classes on Friday. He stated that classes are conducted only in the morning and evening Monday through Thursday and on Saturday.

On Saturday, September 16, 2006, the collision shop was closed, and there was no activity in the repair shop although Saturday classes were posted in the schedule of classes. Instructor Subject 139 was working on a car he identified as his own. There were no students present, even though there was an auto repair class scheduled at that time. Subject 139 acknowledged that he was scheduled to teach an auto repair class of 10 students at that time. He indicated that only five of those students were present, and that they were on break. No one was observed in the area, and none of the students returned.

It was also alleged that certain students may also be involved in the use of the CCC car repair facilities and resources as a business enterprise. The transcript of one student, 73-year-old Subject 140, shows that he has been enrolled in classes at CCC since the Spring semester of 1978 and has been enrolled in 34 semesters since then until as recently as the Spring 2006 semester. However, he has been enrolled only in auto repair classes the entire time and has repeated many courses, even if he received an A when he first took a repeated class. The transcript of another student, 56-year-old Subject 141, shows enrollment since the Spring of 1992 for a total of 20 semesters, with the most recent semester being Summer 2006. With one exception, this student also has been exclusively enrolled in auto repair classes. Similarly, this student has also repeated classes in which an A grade had originally been attained.

## ***Conclusions***

The auto repair and collision shops located in the VoTech building are reportedly being used by instructors and students for personal gain. It has been alleged that these individuals may be receiving monetary compensation for services performed at these facilities. In addition, the students listed as being enrolled in AUTO courses during the course of the audit could not be accounted for. Furthermore, a review of student transcripts revealed that students were frequently listed as repeating AUTO courses many times.

## ***Recommendations***

*The Compton Community College District should:*

1. Conduct further audit work regarding all past and current AUTO courses to determine if monetary compensation was received by the students and instructors for automotive services provided using CCC facilities.

2. Conduct additional audit work to determine incorrect claims for FTES apportionment and any abuse of financial aid.
3. Establish strict policies for the use of CCC automotive facilities to prevent future misuse of CCC facilities and equipment.
4. Establish controls so that students enrolling are not repeating these courses.

## ***Fraudulent I-20 Forms***

There were allegations that Subject 142, a former faculty member at CCC was arrested and charged with various crimes involving the issuing of worthless diplomas to Latino victims, and that this subject did not have the teaching credentials and two doctorates he claimed to have had.

It was determined that Subject 142 was employed at CCC as a business and economics professor under the direction of Subject 6 from 1999 through 2001. Documents indicate that in 2003, law enforcement agencies started an investigation of the 78 schools across the country that Subject 142 operated and that graduated 1,500 students every 10 weeks. In March 2005, the California Attorney General obtained a final and permanent injunction against him and his schools.

Several individuals employed at CCC, including Subject 142, purportedly issued thousands of I-20 immigration forms to students in Middle Eastern countries, using CCC as the institution the students would be attending. After September 11, 2001, a review of this activity was brought to the attention of the Department of Homeland Security. A Special Agent assigned to Homeland Security indicated that some of the individuals involved were still employed at CCC, but that since time had passed since the I-20s were issued, Homeland Security intended to close its case.

Documents in the accounts payable files indicated that the school was paying a number of individuals to recruit “Middle Eastern” and “International” students as recently as 2003-2004. A number of staff members at CCC indicated that there was never a large population of Middle Eastern students attending CCC. Most indicated it was probably a way to get funds out of the school indicating that they suspected that Subject 6 was involved with Subject 142 in some way.

An interview with Subject 6, who was extremely nervous, disclosed that he knew and had dealings with Subject 142 as recently as a few weeks earlier. He stated that Subject 142 told him he was a victim of the system. Subject 6 indicated that he had heard about the I-20 fraud and stated that another employee at the CCC was involved.

## ***Conclusions***

A former employee of the district, Subject 142, was ordered by permanent injunction issued by the Superior Court in Los Angeles to refrain from offering high school classes and high school diplomas and to pay restitution to consumers, the state and the county of Los Angeles in the amount of \$500,000. This was a civil matter and did not involve either arrest or criminal charges.

## **Recommendations**

*The Compton Community College District should:*

1. Establish a process for employees to bring to the administration's attention fraudulent or illegal activities.
2. Follow up on reported fraudulent and illegal activities and take disciplinary and/or legal action as appropriate to deter further such activities.