

November 22, 2010

**INDEPENDENT AUDITORS' COMMUNICATION
TO THE AUDIT COMMITTEE AND MANAGEMENT**

Audit Committee
Board of Trustees
Chabot-Las Positas Community College District
Pleasanton, California

In planning and performing our audit of the basic financial statements of Chabot-Las Positas Community College District (District) for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency.

This letter does not affect our report dated November 22, 2010, on the financial statements of Chabot-Las Positas Community College District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2010-A- TRUST ACCOUNTS WITH NEGATIVE BALANCES

Finding

We noted several fund balance accounts which have negative balances within the Associated Students Trust Fund, Student Financial Aid Trust Fund, Scholarship and Loan Trust Fund, and the Co-curricular Fund.

Recommendation

The District should implement procedures to restrict clubs with negative balances from incurring additional expenses that are not supplemented with revenue earnings. This would improve the internal controls over disbursements and prevent clubs from deficit spending.

Response

District management will work with the college business officers to develop and implement a procedure to restrict spending on trust accounts with negative balances and to resolve any negative balances which now exist.

2010-B- REVIEW OF JOURNAL ENTRIES AND BUDGET TRANSFERS

Finding

Some journal entries and budget transfers prepared by individuals who have journal entry approval authority were not reviewed by another authorized approver to ensure the entry was accurate and appropriate.

Recommendation

The District should establish a means of ensuring that each entry be reviewed. This could be accomplished through running reports regularly and scanning the list of entries for any that the reviewer does not recognize.

Response

District management will work with Information Technology to implement approval queues in the District Office to prevent any one person from both entering and approving journal entries and budget transfers. Controls are already in place at the colleges.

2010-C- ACCOUNT STRUCTURE BASED ON BUDGET AND ACCOUNTING MANUAL

Finding

The District does not correctly apply the account hierarchy in the Budget and Accounting Manual when recording local grant revenue.

Recommendation

The District should create new accounts using the account numbers specified in the Budget and Accounting Manual to account for local grant revenue.

Response

District management has corrected account number coding for local grant revenue for the 2010-11 fiscal year.

2010-D- BUDGET TRANSFER REVIEW

Finding

During our testing, we noted that the District did not have a method of ensuring that all budget transfers were submitted to the board.

Recommendation

We recommend that management establish a means of ensuring that each budget transfer is submitted to the board.

Response

To strengthen control, management promptly established a means of ensuring that each budget transfer is submitted to the board. The individual responsible for compiling the transfers for board approval runs a report which lists all the budget transfers made. This method ensures that all transfers are submitted to the board.

PRIOR YEAR FINDING AND RECOMMENDATION

2009-A– STALE DATED OUTSTANDING CHECKS

Finding

During our procedures, we learned that the District has approximately \$295,000 of outstanding checks that date back to 1998 included as a reduction of cash balances. We understand that these checks represent student financial aid awards that were disbursed to students. These amounts represent a liability to the District and should be reported as a payable instead of a reduction of cash until such time that the disbursement is re-issued.

Recommendation

We recommended the District develop and implement procedures to clear the historical reconciling items and, going forward, that procedures be put in place to assure reconciling items do not consist of stale-dated checks.

Status

Upon review of the bank reconciliation, we noted that there are no longer old outstanding checks. This recommendation is considered implemented.

We would like to thank District management and staff for their assistance throughout the audit engagement. We appreciate the opportunity of serving as independent auditors for the Chabot-Las Positas Community College District for the year ended June 30, 2010. If we can provide additional information or assistance in connection with implementing any of our recommendations, we will be pleased to do so.

This report is intended solely for the information and use of the audit committee, Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Nystrom & Company LLP

NYSTROM & COMPANY LLP
Certified Public Accountants