
AUDIT AND BUDGET COMMITTEE MINUTES

Coast Community College District
Special Meeting of the Audit and Budget Committee
January 30, 2020
Board Conference Room
1370 Adams Avenue, Costa Mesa, CA 92626

1. Call to Order

The meeting was called to order at 2:00 p.m.

2. Roll Call

Trustees Present: Trustee Jim Moreno and Trustee Mary Hornbuckle
Trustees Absent: None

In Attendance – Dr. John Weispenning, Chancellor; Dr. Andrew Dunn, Vice Chancellor of Finance and Administrative Services; Dr. Andreea Serban, Vice Chancellor of Educational Services and Technology, Dr. Marco Baeza, Vice Chancellor of Human Resources, Daniela Thompson, District Director of Fiscal Services; Rachel Snell, District Director of Internal Audit; Paul Wisner, GWC Director of Business Services; Rachel Kubik, OCC Director of Business Services; Dana Swart, Controller, District Accounting, Tanya Tran, Budget and Grants Manager, Janet Houlihan, GWC Vice President of Administrative Services, Craig Oberlin Sr. Director IT, District, Christine Nguyen, CCC Vice President Administrative Services, Rupa Saran, Sr. Director, IT District, George Walters CWP, Jane Burton, Manager/Board Secretary

3. Opportunity for Public Comment

There were no requests to address the Audit and Budget Committee during Public Comment.

4. Selection of Chair and Vice Chair of the Audit and Budget Committee

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to appoint Trustee Moreno as Chair of the Committee and Trustee Hornbuckle as Vice Chair.

5. Approval of Minutes: Meeting of November 14, 2019

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to approve the minutes of the Special Meeting of November 14, 2019.

Motion carried with the following vote:

Aye: Trustee Moreno and Trustee Hornbuckle
No: None
Absent: None

6. Review, Discuss, and Possible Action Regarding Internal Audit Quarterly Update

Ms. Rachel Snell, District Director of Internal Audit, provided an internal audit quarterly update. A list of projects and status was provided for the Committee, including the following:

- In progress is the hiring of an Internal Audit Specialist with the second interviews scheduled for February 7th.
- The OCC Planetarium Gift Shop project is on a temporary hold due to a point of sale system transition currently taking place.
- The OCC Swap Meet follow up is due to the full Board in June.
- The AP 3600 Self-Assessment (Foundations) is complete and they are ready to prepare the annual reports for the Board.
- The AP 3600 Self-Assessment (Enterprise) is currently in process.
- A new project was added related to accessibility compliance specific to Canvas (the on-line tool).

7. Brief overview of the Governor's January Budget Proposal for the 2020/21 fiscal year

Dr. Andrew Dunn presented a brief overview with PowerPoint slides. The DCC Budget Committee met last week. The final recalculation for the 2018-2019 year with earnings results is still pending, and should be available in February 2020.

- A chart (UGF) provides fund balance detail with comparable districts and a declining fund balance for CCCD.
- The Trend Analysis study for long term liability, retiree health actuarial is down from \$107,409,737 to \$103,551,998 in 2019.
- The actuarially determined contribution is at \$5,716,542.
- Approximately \$80,000,000 is held in two irrevocable trusts to meet this obligation. We are approaching 80% funding, and this is good news.
- The prior year audit resulted in one finding. The finding was a function of moving from the Banner 8 to the Banner 9 system. There were approximately 40+ Measure M invoices received in the previous year and not acted upon until the next fiscal year. This was corrected and will not recur.
- Four other observations were reported at the full Board meeting, in respect to dormant checking accounts, and have been resolved.
- Excess vacation time is being managed.
- An IT process to review user access and permissions with a formalized protocol will be finalized soon.
- Consistent notification to the U.S. Department of ED regarding administrator changes are established.

- The FTS Historic Revenue and Expense Data Chart was discussed. There was a drop of over 6% in Actual FTS production over a 5-year period, and for primary terms 9%. The Reported FTS is only down 1%, due to stabilization and the summer shift. Coast has done a good job of maximizing revenues during that period of time. As a reminder, that stabilization is no longer available to districts under the Student Centered Funding Formula (SCFF). Instead, a 3-year average is used.
- Staffing: Part-time faculty, full-time faculty, management, administration, etc. Part-time faculty increased 1%, full time faculty 6% and staff 9%.
- Salary and benefits: includes salaries, CALPERS, CALSTRS, health insurance and other benefits (URF) for the 5-year period 2015-15 to 2018-19:
 - Salaries: 22% increase in salaries
 - CALPERS: 83% increase
 - CALSTRS: 132% increase
 - Health Insurance: 1%
 - Other statutory benefits: 18%
 - Total benefits increased 27% during the 5-year period
- Total Computational Revenue is 20%
- Credit Primary Terms -3% (from prior to 2014-15 down over 11% total). Primary terms dictate permanent and full time staffing needs and are reviewed separately.
- Primary term FTES (permanent staffing need) dropped 9%, annual 6%
- Part-time faculty increased by 1%, full-time faculty by 6%, staff by 9%
- In summary, revenue increased 20% while salary and benefits increase 24% during the 5-year period. The 4% difference between revenue and expenditures equals \$7,841,564.

Overall, the district is managing expenses effectively with voluntary fiscal risk assessments done annually.

Audits:

- The external audit entrance meeting for 2020 year is February 12, 2020. The Crowe LLP is the new external auditor.
- CalSTRS audit is ongoing
- California Franchise Tax Board April 2016-June 2019 audit is ongoing.

P-1 FTES:

- The district is planning to borrow 1000 summer FTES.
- 1604 were borrowed last year, and the current plan is to borrow less each year.

Budget Assumptions were discussed. The reserve is consistent with policy. A hiring freeze is in place, and a retirement incentive is in progress to shed expenses and right size the district.

Highlights of the Governors 2020-21 budget proposal were also discussed and included in the presentation slides.

PERS/STRS Retirement Workshops are scheduled for February and March and for all locations of CCCD. The PARS Incentive Workshops are also scheduled and the enrollment window is April 1-17, 2020. Board will approve/reject and retiring employees would resign as of June 30, 2020. The 2020-21 Budget Development Calendar was provided to the Committee for reference.

The Board of Trustees Budget Study Session is scheduled for March 4, 2020. DCC Budget Subcommittee meetings are scheduled for March, April and May. The final recalculation and P-1 apportionment is expected within the next month.

8. Update from HR on Temporary Employees

Dr. Baeza provided a brief presentation to highlight recent developments from the CCCD Temporary Employment Services department for the Committee. The temporary employment process has been streamlined, and key developments include the following:

- One point of contact, the Coast Temporary Employment Services Coordinator
- A new one-page contact and user information sheet
- Direct contact with the CTES Coordinator via email
- A simplified reauthorization process to assist during the transition period of the hiring freeze and the reorganization/restructure process
- The creation of a webpage on navigator is in the works, with quick information access
- Resources and support for managers have been developed for end of assignment meetings
- Staffing/Budget tools
- Off-boarding checklists and guidelines for temporary employees
- Tracking and audit reports
- Temporary employee hiring related workshops and job seeker information

Due to the hiring freeze, many current temporary employee's terms will roll over into the next year, while avoiding the hiring of new temporary employees.

The student employment expansion program has the least restrictions and the campuses are encouraged to hire students to support their temporary needs. Federal Work Study Hiring Events piloted by OCC HR Recruitment have been very successful.

The number of temporary employees hired has decreased overall, and the process is now centralized.

Temporary employees cannot supplant any classified staff positions or any Federal Worker Student positions.

9. Future Meeting Date

The next meeting of the Audit and Budget Committee is scheduled for Thursday, March 26, 2020 at 2:00 p.m. in the Board Conference Room.

10. Future Agenda Items

- (a) Budget
- (b) IA Report
- (c) Temp Employment Services
- (d) SERP Update
- (e) Collateralization of District Funds (FDIC Insurance), Mitigation of Depository Risks

11. Adjourn

On a motion by Trustee Moreno, seconded by Trustee Hornbuckle, the Committee voted to adjourn the meeting at 3:03 p.m.

Motion carried with the following vote:

Aye:	Trustee Moreno and Trustee Hornbuckle
No:	None
Absent:	None



Jane Burton
Secretary of the Board

