



Governing Board's Finance and Audit Committee

Friday, August 23, 2019

9:00am

District Office, D225

### Meeting Minutes

#### In Attendance:

Tracy Nuckolls (Chair), David Bea (Ex-Officio), Demion Clinco, Scott Odom, Ben Tuchi, Daniel Soza (Ex-Officio), Agnes Maina (Ex-Officio), Jesus Manzanedo, Clarence Vatne, Maria Garcia

#### Unable to Attend:

Marie Nemerguth, Adrienne Regrutto (Chair-Elect)

#### Guests:

Executive Director Norma Navarro-Castellanos, Executive Director Denise Morrison

#### General Matters

##### 1. Call to Order

Chair Tracy Nuckolls called the meeting to order at 9:02am, noting a quorum was met.

#### Action Items

##### 2. Approval of Minutes from June 14, 2019

Chair Nuckolls asked if the Committee had any changes to the minutes. With no changes, a motion was made to approve the minutes.

##### *Motion No. 201908-01: Approve Minutes from June 14, 2019*

First: Jesus Manzanedo

Second: Maria Garcia

Vote: Motion passed unanimously (Nuckolls, Clinco, Odom, Tuchi, Manzanedo, Vatne, Garcia voting in favor)

Motion Carried.

##### 3. Review of Finance and Audit Committee Charter (Tracy Nuckolls)

Chair Nuckolls introduced the suggested revisions to the Committee's Charter, noting that most were for clarification or to update references. As the Chair, he recommended an additional duty under Section V.

Ms. Maria Garcia inquired about budgeting for gifts to the College, as well as grants. Dr. David Bea will meet with her to further clarify the request and bring the conversation back to this Committee.

Mr. Scott Odom noted that the review of the Charter was a good reminder of the purpose of this Committee. It was requested for the Internal Auditor to have a regular presence.

*Motion No. 201908-02: Amendments to Finance and Audit Committee Charter*

First: Jesus Manzanedo

Second: Scott Odom

Vote: Motion passed unanimously (Nuckolls, Clinco, Odom, Tuchi, Manzanedo, Vatne, Garcia voting in favor)

Motion Carried.

The amendments will be presented to the Governing Board for review and approval at their September 11, 2019 meeting.

### Reports and Feedback

#### **4. Enterprise Risk Management and Compliance (Jeff Silvyn)**

Due to unexpected circumstances, General Counsel Jeff Silvyn was not in attendance. Dr. Bea provided an overview of the approach to enterprise risk management. There will be a Director of Enterprise Risk Management (ERM), who will likely report to the Chief of Staff; two other positions will be added over time (a risk manager/insurance position, and a compliance manager), and ERM will work with the Internal Auditor.

Mr. Jesus Manzanedo stated this approach would require the College to determine its appetite for risk. Dr. Bea asked for the Committee's view on risk. Mr. Manzanedo gave an overview, touching on investments, students, academics, and other areas. Mr. Demion Clinco asked for some examples of how Mr. Manzanedo drew these conclusions, and Chair Nuckolls stated there is often a disconnect between ERM and the nimbleness required for implementing strategic plans. Chair Nuckolls noted that the Board would need to support the ERM approach to be successful.

Mr. Clinco noted that laying the ERM framework on top of academic programming might be difficult.

Mr. Ben Tuchi stated the risk of failure may be a component of the enrollment decline, and the ERM will need to reflect the highest levels at the College. Mr. Nuckolls encouraged the College to be creative and flexible with the job description, aligning it with positions at other institutions as well as the appropriate classification and compensation.

Mr. Clarence Vatne noted the importance of the Governing Board and the Chancellor being clear to staff about direction, decision-making, and goals. The Committee continued with a conversation about marketing, enrollment, and selling the success of the College.

#### **5. Financial Aid Update (Norma Navarro-Castellanos)**

Ms. Norma Navarro-Castellanos, Executive Director of Financial Aid, joined to discuss recent actions. She began with an overview of Title IV program administration and the College's status as a

Minority-Serving and Under-Resourced Schools Division (MSURSD). MSURSD provides wraparound services to the College.

In 2016, the College self-identified two locations approved through Department of Education (DOE) but not with the Higher Learning Commission as a potential issue for financial aid. After review, the total bill to the College was just under \$147,000 to reimburse for aid that should not have been awarded (since the programs were not approved for those locations). The review for the two locations is officially closed. The Department of Education has also fully certified the College for Title IV. This will allow the College to have more expediency in approval of new programs of study to be eligible for Financial Aid, improve student experiences, and allow for timelier reporting.

Chair Nuckolls inquired about process improvements to ensure there are no further issues with approval of locations. Ms. Navarro-Castellanos discussed the process improvements in place, which include workflows, collaboration across departments, documented processes, and succession planning.

Ms. Garcia inquired about return of Title IV, as well as education for students on the topic. Ms. Navarro-Castellanos described the calculation processes, as well as the communications and orientations available for students.

Mr. Clinco asked about the possibility of default rates increasing if there is another recession. Ms. Navarro-Castellanos described the DOE's possible actions if the College's default rate increases. As part of the MSURSD visit, the College will be developing a task force to review default rates and develop a cohort default plan. Nationally, PCC ranks slightly lower than the default rate when compared to other community colleges. If the College had a default rate under 10%, it could distribute student loans at the start of the semester, as opposed to the current process of two disbursements and a waiting period for new recipients.

Mr. Clinco noted at the national level, there is a push with the reauthorization of the Higher Education Act to add liability to the College for Title IV. Mr. Vatne inquired about the use of Title IV for paying for developmental educational, and Ms. Navarro-Castellanos described the criteria.

## **6. Employee Service Center Update (Denise Morrison)**

Dr. Bea introduced Ms. Denise Morrison, Executive Director of Employee Service Center (ESC), who oversees payroll, benefits, and job entry. She started at the College in May and is getting an idea of the strengths and areas for improvement in her department.

TeamDynamix will be implemented as a ticketing system to track issues and develop metrics so improvements can be made. Customer service is critical, and Ms. Morrison wants to ensure all follow-up is happening. The other major improvement planned is to transition from manual job entry processes to a system fully utilizing Banner, therefore reducing data entry and errors. The

reduced data entry will require a new level of quality control and ensure better administration of benefits and payroll.

Chair Nuckolls inquired about the level of staffing in the ESC. She currently has 12 staff in the department, and she is recruiting for a Wellness Program Manager.

Ms. Morrison provided an update on the audit finding related to supervisors not approving timesheets. Now, if the ESC creates an override to provide an approval in alignment with the payroll deadline, the supervisor is sent an electronic request to acknowledge the time. The implementation of the new process is backdated to the start of the fiscal year.

Accountability is still a challenge, and the new performance management policies should help support better supervisory skills sets. Ms. Garcia noted the importance of a clear process to follow and the clarity it will provide. Mr. Clinco asked for a report back on the status of the supervisors that are not approving. Mr. Daniel Soza noted the importance of changing the internal language to be clear about compliance issues and the implications.

Mr. Soza will be presenting to the Deputies Group the Notice of Transaction Review. The review will provide better documentation of compliance processes and incorporates both the staff person and their supervisor. Mr. Manzanedo supports this idea, and Mr. Soza will bring the final document to this Committee.

**7. Discuss Vacant Seat on Finance and Audit Committee (Tracy Nuckolls)**

Chair Nuckolls asked the Committee to think about the skill sets that can be added by filling the vacant seat. One suggestion is to look for someone connected to the community via non-profits through the lens of finance.

**8. RFP for PCC's Investment Firm (Daniel Soza, Agnes Maina)**

The College's current agreement for an investment services firm is in its final year, and Ms. Agnes Maina is preparing to lead a request for proposals process. Mr. Tuchi and Mr. Odom are interested in participating on the selection committee; Ms. Maina will also contact Ms. Regrutto. In preparation for the solicitation, this Committee has already provided input on a draft request for proposals.

**9. CFO Update (David Bea)**

Dr. Bea noted the inclusion in the meeting materials of a report to the Joint Committee on Capital Review, which describes the status of the College's revenue bond projects. Mr. Vatne expressed appreciation for the update.

The other topics were not discussed due to evacuation of the building.

## Information Items

### 10. Future Agenda Items

- a. Three-Year Budget Plan (FY21-FY23)
- b. Competency-Based Education
- c. Athletics
- d. Marketing
- e. Enrollment Management
- f. Discuss Vacant Seat on this Committee (October)
- g. Student Payments Demo (December)
- h. Revisions to BP 4.07, Cash Reserves (December)

## Adjournment

The meeting concluded at 10:59am.

Next Meeting:

October 25, 2019

District Office, D225