



Governing Board's Finance and Audit Committee

Friday, June 19, 2020

9:00am

Virtual Meeting - Zoom Webinar

Meeting Minutes

In Attendance:

Tracy Nuckolls (Chair), David Bea (Ex-Officio), Demion Clinco, Scott Odom, Ken Marcus, Ben Tuchi, Daniel Soza (Ex-Officio), Agnes Maina (Ex-Officio), Jesus Manzanedo, Adrianne Regrutto (Chair-Elect), Maria Garcia

Unable to Attend:

Clarence Vatne

Guests:

Provost Dolores Durán-Cerda; Internal Auditor Jose Saldamando

General Matters

1. Call to Order

Chair Tracy Nuckolls called the meeting to order at 9:03am, noting a quorum was met.

Action Items

2. Approval of Minutes from April 17, 2020

Chair Nuckolls asked if the Committee had any changes to the minutes. With one correction to the spelling of a Committee member's name, a motion was made to approve the minutes.

Motion No. 202006-01: Approve Minutes from April 17, 2020

First: Maria Garcia

Second: Ken Marcus

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

Motion Carried.

Reports and Feedback

3. 2020-2021 Committee Schedule

Chair Nuckolls discussed the draft meeting calendar for fiscal year 2021; any suggestions for changes can be sent to the Office of Finance and Administration.

Mr. Demion Clinco joined the meeting in progress.

4. Provost Update (Dolores Durán-Cerda)

Chair Nuckolls introduced the Provost and Executive Vice Chancellor, Dr. Dolores Durán-Cerda, who began with an overview of the areas within her purview. She continued by outlining the major actions of the COVID-19 response on the academic operations of the College, describing the transition to online and virtual learning and the extraordinary work of faculty, adjunct faculty, and staff to continue to provide services and education to students.

The CARES Act provided \$10M to the College, half of which has already been distributed directly to students. Approximately half of the remainder will be used to purchase laptops, tablets, and wifi connections, which will form the foundation of a student technology-lending program in the Fall semester. The remainder will be used for additional student relief and/or other needs that arise.

In June, Career and Technical Education programs began a phased re-entry to the College to allow students to access the hands-on equipment and materials necessary for learning. Dr. Durán-Cerda described the protocols in place to ensure appropriate social distancing and adherence to the Centers for Disease Control and Prevention guidelines, including the provision of personal protective equipment to students, faculty, and staff.

The Fall semester will be largely virtual, online, and hybrid, with some in-person courses. Dr. Durán-Cerda shared data on the number of students, faculty, and staff typically on-site on a given day and how it translates to the ability to social distance. Chair Nuckolls inquired as to the faculty's reception to transitioning to online and virtual, and Dr. Durán-Cerda outlined the work of PimaOnline and the Teaching and Learning Center to support and develop faculty as they transition into an online or virtual environment. Enrollment is a concern for Fall, as there is great uncertainty in the community.

Dr. Durán-Cerda continued with a description of the program review and viability process, describing the steps, the data, and the decision-making associated. These decisions impact the use of physical space at the College, which is complicated by the current climate post-COVID-19. Mr. Clinco inquired about the connection to the community, as some of the programs are dependent upon in-person activities and events. Ms. Garcia asked about the transfer to the University of Arizona for students pursuing advanced degrees.

5. Internal Audit Update (Jose Saldamando, Jeff Silvyn)

Mr. Jose Saldamando introduced himself and outlined the topics for discussion; Mr. Jeff Silvyn was not able to attend.

Mr. Saldamando began with the June Quarterly Report, describing the intention of each section. Chair Nuckolls inquired about the status of current and outstanding audit reports, and Mr. Saldamando described the progress and the items that have been closed since the April Quarterly Report. He has also compiled a database to document the audits from the last five years.

Mr. Scott Odom inquired about the process Mr. Saldamando will use as he works with the various departments, as the report indicated there are some audits that have been outstanding for several years. Mr. Ben Tuchi asked if some of the audits that have been outstanding for more than four years are even relevant anymore, and Mr. Clinco noted that the timeliness in closing out audits has been a source of frustration to this Committee and wondered if the internal audit process should be evaluated to ensure it meets best practices and industry-standards. Compliance remains a challenge, although there have been great strides in some areas, and the Committee may choose to address the topic in a letter to the Chancellor.

Mr. Nuckolls noted that the Committee is pleased with the work completed by Mr. Saldamando since his hiring at the College, as the reports presented provide great detail; the Committee further understands that Mr. Saldamando is still reviewing and updating the progress of ongoing audits. The assessment of risk will come. Mr. Jesus Manzanedo stated that support of management is key. Chair Nuckolls inquired about the method by which Departments update their processes to be in compliance with changing regulations and laws; Dr. David Bea noted that this is the responsibility of the Department.

Mr. Saldamando moved on to the risk assessment and audit plan, and Mr. Manzanedo asked him to review his current allocation of time to administrative tasks as that is likely to change as new projects arise. Mr. Saldamando will be invited to the August 2020 meeting of this Committee to review the next Quarterly Report.

6. Enterprise Risk Management (David Bea, Jeff Silvyn)

A new job classification was approved by the Governing Board at their May 2020 meeting, and the position will report to the CFO. There will be an emphasis on a traditional risk management approach, as the College currently relies on contracted brokers and Mr. Daniel Soza for these tasks. The College will also be recruiting two positions, one for compliance and one for project management. Mr. Nuckolls cautioned against using arbitrary job credentials, as rigid hiring practices may exclude candidates from the pool. Dr. Bea noted that the position was designed with the expertise of a consultant for the Arizona School Risk Retention Trust, and he may call upon a member of this Committee to serve on the hiring committee.

7. CFO Update (David Bea)

Dr. Bea started with an update on the revenue bonds, as construction at the Downtown Campus is continuing. He shared a time-lapse video of the automotive center project.

The Governing Board adopted the FY21 budget and set property tax rates and levies at their June Special Meeting. The College decided to forgo a property tax increase, remaining levy neutral for FY21. The budget has capacity should enrollment increase, and plans are also in place should the College need to reduce expenses. The College anticipates reduced revenues in auxiliary services, investment returns, and Prop 301, which is funded through sales taxes. The College is continuing to

work with the legislature for immediate Expenditure Limitation (EL) relief, as the revenues that are expected to decline are all excludable from EL.

The Governing Board adopted a resolution to create a November 2020 ballot initiative to reset the base for the College's Expenditure Limit, which would align the base limit with the average of the Arizona community colleges. He described the implications of this change and how it would lead to the provision of education for high-cost programs, as the cost of education has increased significantly since the base was set in FY80. An external Committee will lead the effort, as the College is limited in its role.

Mr. Tuchi and Mr. Odom participated in the request for proposals to select a contracted investment manager for the College; they also provided the College feedback on the solicitation process. RBC Global Asset Management was the successful proposer.

The Third Quarterly Report on the FY20 Enrollment Revitalization Funds and the Pulse Survey were provided to the Committee as information.

Dr. Bea concluded by noting the worksite status of employees; small groups are working on-site in a limited capacity to accomplish work. The majority of employees remain at home, which may continue into the foreseeable future.

Chair Nuckolls would like an update on Fall enrollment at the August meeting, and he is curious about competition with national online education.

Information Items

8. Future Agenda Items

- a. Competency-Based Education
- b. Marketing
- c. Enrollment Management
- d. Program Viability, Use of Space, and Revenue Bonds
- e. BP 4.07, Cash Reserves
- f. Enterprise Risk Management
- g. Internal Audit
- h. Information Technology & HIPPA
- i. Fall Enrollment

Adjournment

The meeting concluded at 11:29am.

Next Meeting:

August 21, 2020

Virtual Meeting - Zoom Webinar