
EL CAMINO COLLEGE
Planning & Budgeting Committee
Minutes
Date: February 2, 2012

MEMBERS PRESENT

- | | |
|--|---|
| <input checked="" type="checkbox"/> DeSanto, Michael – Campus Police | <input checked="" type="checkbox"/> Shenefield, Cheryl – Administrative Svcs. |
| <input checked="" type="checkbox"/> Natividad, Rory – Mgmt/Supervisors | <input checked="" type="checkbox"/> Spor, Arvid – Chair (non-voting) |
| <input checked="" type="checkbox"/> Patel, Dipte – Academic Affairs | <input type="checkbox"/> Tomoda, Kenji – ASO |
| <input type="checkbox"/> Quinones-Perez, Margaret – ECCFT | <input type="checkbox"/> Turner, Gary – ECCE |
| <input type="checkbox"/> Reid, Dawn – Student & Community Adv. | <input checked="" type="checkbox"/> Widman, Lance – Academic Senate |

OTHERS ATTENDING: Francisco Arce, Janice Ely, Connie Fitzsimons, Katie Gleason, Alice Grigsby, Jo Ann Higdon, Kelsey Iino, Derek Moon, Jeanie Nishime, Emily Rader, Natalie Sripongkosol

Handouts: *Controller: State to run out of cash in March without action (article); Audit Letters and Audit Findings (memo)*

The meeting was called to order at 1:00 p.m.

Committee introductions included the new representative for Campus Police, Michael DeSanto.

Approval of January 19, 2012 Minutes

1. The minutes were approved with no changes.

Budget Update – J. Higdon

1. The District was asked by the Chancellor's Office to forgo some of our expected apportionment funds. The Sacramento Bee reported on January 31st that the state will run out of cash in March. Some believe this is an attempt to bring support to Governor Brown's tax initiative.
2. Chancellor's Office Dan Troy acknowledged that the current year's deficit now appears to be at 4%. At the last PBC meeting, the deficit was reported to be between 2% - 2.5%. In the past, the deficit factor ran around .25% - .75%. Will not know estimated Tier 1 until the end of February. The deficit factor has nothing to do with trigger mechanisms. Community colleges begin each year with an estimate of how much FTES will be funded and how it will be funded. This calculated apportionment is from funding sources that include student fees, property taxes, and state coffers. The deficit factor is a shortage of these funding sources. Historically, there have been shortages in statewide property taxes. K-12s receive automatic backfill of property tax shortages, but community colleges do not.
3. Due to changes and uncertainty with the state budget, there will not be a preliminary budget to review.
4. The College will receive a very small portion (\$450,000) of the expected \$5.5 million apportionment that is due in March. Is there a period the state is required to allocate delayed funds? The trend has been to delay funds longer. ECC may not be able to count part of apportionment as revenue if payment is delayed beyond the end of the fiscal year.
5. J. Higdon will email news/updates to PBC members as they occur.

ECC Audit Findings – J. Higdon

1. ECC's audit report findings is posted on the ECC website at http://www.elcamino.edu/administration/board/agendas/2008/Audit_June_30_2011_ECCD.pdf
2. PBC members are encouraged to read the report and send questions to J. Higdon or J. Ely.
3. Actual audit findings begin on page 68 of the audit report. Please share with your constituents the memo which summarizes the findings:
 - a. Some reconciling items were outdated and need to be researched and adjusted where necessary. Fiscal Services began the research. Not likely that the use of two separate systems (Datatel and PeopleSoft) will be reconciled. The county uses an old version of PeopleSoft because of the cost to upgrade it. Some items to be reconciled are similar to having old outstanding checks that need to be cancelled or transactions that need to be cleared out.
 - b. Child Development Fund deficit continues to grow. Auditors pointed out the need for considerable fiscal support.
 - c. Return to Title IV funds – District is liable for repayment of funds to the federal government for students who received initial financial aid payment but did not attend a class. Audit findings show instances where the District failed to make returns within the required 45-day period.
 - d. Not in compliance with a new reconciliation rule pertaining to financial aid loans. Financial Aid is taking steps to implement this new requirement.
 - e. Quarterly reporting on SBDC agreement to a lead agency was not done in a timely manner due to the two-week lag in payroll information. Request for more time was made to the leading agency which preferred an accurate report with payroll information, but the request may not have been in writing.
 - f. Material fees for classes must be clearly stated. Auditors found one class that did not state the fee was optional. Correction was made.
 - g. In-depth FTES audit across the state for the past few years was a result of one college not reporting FTES correctly for many years. Auditors identified one ECC class in Fire Tech program that had problems. Steps are being taken to improve instructional service agreements and correct recording keeping issues.
 - h. Same Fire Tech class (noted above) did not meet rigors required for FTES and should not have counted for FTES. ECC will work with Chancellor's Office to ascertain whether or not offsets could be made.
 - i. The District did not correctly report AB 540 students in prior years due to a special residency code ECC was not informed about. Correction was made for 2010-11. FTES from Fire Tech class will not count, but the District will argue that it should be allowed to offset FY 2010-11 with under-reporting of AB 540 students (approximately \$500,000). AB 540 students are non-documented students who graduated from a California high school and have been in high school for three years. ECC had been counting these students as in-state, not as out-of-state students. 320 Attendance Report is reported to the state four times a year and is a mechanism to determine ECC's total apportionment from the state.
 - j. Cash reconciling items on smaller accounts need to be reviewed and performed on a timely basis.
4. Are audit findings the result of being short-staffed? Cannot avoid audit findings even with the appropriate number of staff. Audit reports are sent to federal and state agencies. The District will have to respond to repeat issues.
5. Is the audit finding on the Child Development Fund based on perceived problem with the 50% law or an issue of a deficit? Auditors are being very cautious – there is requirement that certain programs should be self-supporting.

6. Compton's audit may be released on Monday. The number of findings is substantial.
7. Audits are an annual process and must be completed by December 31st. ECC's audit was completed by December 31st and presented to the Board in January. Compton's audit and 311 reports are not completed on a timely basis.
8. Would it be useful for PBC members to have a copy of the various transactions/records (listed on the compliance letter on page 64 of the report) used by the audit team for the audit? The most important items include 1) the auditor's opinion, 2) financial statement notes, and 3) the audit findings.

Planning

1. Managers were notified that the deadline date to submit planning updates was extended to February 10th because of a technical glitch. The scheduled due date was January 31st.
2. 2012-2013 unit plans are due at the end of February.

The next meeting is scheduled on February 16, 2012.

The meeting ended at 1:55 p.m.