

Standard IIID: Financial Resources

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resource planning is integrated with institutional planning.



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Overview

The college and the district have a reputation for fiscal prudence, financial planning, and the use of financial resources in an efficient, productive manner. Financial resources are largely allocated based on a history of budgeting strategies. The district appropriately budgets for the allocation of resources to the colleges and for collective bargaining units. Allocation of financial resources is based on a multiplicity of measures depending on the particular budget in question, including such items as full-time equivalents, cap load, and assignable square footage. Resources are allocated to each college within the district according to unique needs and based on historical allocations. The college and the district are in a stable position to face the current statewide budget crisis due to a conservative approach to saving.

III.D.1. The institution relies upon its mission and goals as the foundation for financial planning.

Descriptive Summary

Fullerton College and the NOCCCD employ various strategies to ensure that financial planning supports the overall planning efforts of the college as well as the district goals. Using the college's mission and goals as a foundation for financial planning, college personnel regularly review the annual goals as part of the district's Strategic Plan. This involves the various governance groups on campus and includes identification of strategic directions and

goals that are important in achieving the college vision and mission; utilization of resources effectively to support the vision and mission; and meeting expectations from students and the surrounding college community. (1) (2) (3)

III.D.1.a. Financial planning is integrated with and supports all institutional planning.

Descriptive Summary

As a result of institutional planning, internal and external constituencies have the opportunity to understand the college's strategic directions and priorities each year. The President's Advisory Council (PAC), chaired by the college President, is crucial to planning efforts and is the principal advisory body on planning. PAC brings together representatives of various constituencies to promote a broader consideration of issues. As the primary collegewide planning group, PAC is responsible for making recommendations to the President for action or consideration. Recommendations from PAC encompass the college's mission, goals, and core values, which are reviewed annually as part of the fiscal planning process. PAC meets twice each month to address agenda items presented by the college's representative governance groups, including items related to the college's goals and the district's Strategic Plan. The PAC also considers recommendations from the Planning and Budget Steering Committee (PBSC) on matters related to budget. The President has the responsibility to make final decisions regarding PAC's recommendations and to communicate those decisions to the college community. (4) (5)

As part of the FC planning and budget process each September, PAC establishes goals for the college for the upcoming academic year. These goals serve

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- 1 2009-2010 Resource Documents for Planning and College Initiatives
 - 2 NOCCCD 2006 Strategic Plan
 - 3 2009 Districtwide Strategic Plan Update
 - 4 PAC website
 - 5 PBSC website

as budget priorities and direct spending. Following the establishment of the college goals in PAC, unit goals and objectives are developed in concert with the college goals and objectives. Each January, after the tentative state budget is released, planning begins for budget assumptions and priorities. Once assumptions and priorities have been established, departments and divisions are required to submit spending plans detailing expected expenditures for the upcoming year. (6) (7)

A key component of the planning and budget process is the solicitation of Dynamic Fund proposals, which are due to the Planning and Budget Steering Committee (PBSC) each April. PBSC is a shared governance subcommittee of PAC and is chaired by the college Director of Budget and Finance. The Dynamic Fund process allows college personnel to apply for funding for new and innovative projects that directly support the goals of the college. Applications for funds are reviewed by PBSC and recommendations go to PAC in May. Recipients are notified in June whether or not their projects have been funded. In recent years, Dynamic Funds have been used for several projects such as hosting diversity events, sponsoring the One Book, One College program, sponsoring staff development activities, funding ambassadors for Admissions and Records, and paying for Northern California tours for transfer students. (8)

The Board of Trustees (BOT) and the district staff receive information about fiscal planning's linkage to institutional planning in several ways. The district's budget officers from Fullerton College, Cypress College, the School of Continuing Education, and the district offices meet twice each month to discuss budget information that can then be shared at the colleges and utilized for planning purposes. (9)

Self Evaluation

The district's budgeting process is effective in ensuring equitable distribution of resources across the district, providing long-term financial stability

- 6 2009-2010 Resource Documents for Planning and College Initiatives
- 7 PBSC website
- 8 PBSC website
- 9 NOCCCD Facilities and Finance website

as well as an effective link between planning and resource allocation. Financial information is communicated to the district's employees, the BOT, and the community in a clear manner. The current processes, which have been developed over time, are reviewed to ensure ongoing fiscal stability to enable the college to meet its educational objectives. (10)

Since the primary method the state uses to allocate resources is by full-time equivalent students (FTES), the monitoring of FTES is critical to the successful operation of the college. Not generating enough FTES can result in reduced apportionment income, and generating more than the state-established cap can result in unfunded enrollment. Establishing an appropriate FTES strategy and budget parameters, therefore, is fundamental to the budgeting process. Through the District Planning Council (DPC), a districtwide shared governance committee, the district establishes priorities among competing needs. Based on the districtwide distribution of FTES, the district budgets sufficient resources to achieve the FTES goals, and the campus administers the funds toward its program mix. (11)

The college's resource allocation process is directly connected to its institutional planning process. Incremental financial resources are allocated based on established priorities from departmental program reviews and institutional goals and are linked to the college strategic plan. (12)

The college's PBSC provides a reasonable forum for discussions of budget priorities in a shared governance model. An allocation process is provided through budget requests and through applications for Dynamic Funds. The process is reviewed and modified as needed. (13)

Additionally, the college should continue to refine the connection between institutional planning and resource allocation. As a component of continuous improvement, the college must develop effective

- 10 NOCCCD Facilities and Finance website
- 11 NOCCCD Facilities and Finance website
- 12 2009-2010 Resource Documents for Planning and College Initiatives
- 13 PBSC website

ways to gauge the outcomes achieved from the allocation of its financial resources to maximize the effect on student success.

Planning

None.

III.D.1.b. Institutional planning reflects a realistic assessment of financial resources availability, development of financial resources, partnerships, and expenditure requirements.

Descriptive Summary

The district, through interaction with the District Planning Council (DPC) is primarily responsible for the determination of available financial resources for the college. District staff members possess the expertise in understanding, projecting, and monitoring revenues, and projected revenues are calculated to allocate fiscal resources to the college.

(14)

The district provides easy access to financial documents that clearly indicate the budgeted allocations to those involved in institutional planning. Each budget unit has the capability to pull reports of its current budget status by accessing Banner. Administrators and budget managers regularly use this information to project needs in the future. (15)

In addition, both the district and college have procedures in place to ensure that all expenditures of restricted revenues comply with the requirements of the funding agency or source.

Self Evaluation

The college's institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements, which is substantiated by the planned level of campus carryover funds. The PBSC regularly reviews budget information and makes recommendations related to the use of carryover funds based on college

14 NOCCCD Facilities and Finance website
15 FGRBDC Report Example

needs. The range of methods for allocating financial resources and conservative fiscal practices allow the district and college flexibility in planning for the future. Additionally, the district matches revenues and expenditures as required by categorical funding sources. (16)

California's deficit and the reduced funding available to California community colleges is challenging the district and the college. As the need for more services grows and the resources to fund those services diminish, the college will be forced to seek outside funding and to revise the methods of delivery for vital services. The district and college are continually monitoring the state budget situation, evaluating the impact, and adjusting budget projections. These projections are communicated through the DPC, PAC, and the PBSC. The district's conservative fiscal practices provide the flexibility to adapt to changes in funding and to endure budget downturns. This is evident in the fact that, by utilizing vacancies and district carryover funds, no layoffs or furloughs of regular employees were required in the 2009-2010 fiscal year although the district incurred an ongoing revenue reduction of over \$12.5 million, and none are expected in the 2010-2011 fiscal year either. Review of past audits shows the district revenue and expense estimates are conservative and realistic. (17)

Planning

None

III.D.1.c. When making short-range financial plans, the institution considers its long range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

Descriptive Summary

The economic position of the district is closely tied to that of the State of California. Currently, the district is working through the budget issues centering on deep ongoing cuts from the state in particular to categorical program funding. The

16 PBSC website
17 NOCCCD Facilities and Finance website

district and college management continues to closely monitor the state budget information and maintains a close watch over resources to sustain its ability to react to internal and external issues. Through prudent budgeting and planning, the district has maintained a healthy reserve level to position itself favorably as the state struggles through budget turmoil and structural deficit. When making short-range financial plans, the college considers every aspect of its operations and how these immediate plans will impact long-term fiscal planning and priorities.

The district and the college maintain annual operating budgets using conservative fiscal practices, allowing for contingencies and unanticipated expenses. According to the CCFS-311 reports, the district's unrestricted ending fund balance as of June 30, 2009, was \$35,442,489, and, as of June 30, 2010, was \$40,862,058. Of these amounts, \$8,917,507 and \$10,319,292, respectively, were designated as Board Policy Contingency, representing 5% of total unrestricted general fund expenditures, in accordance with the recommended prudent reserve level by the California Community College State Chancellor's Office. In addition, \$7,076,010 was earmarked as Board Discretionary Contingency as of June 30, 2009, and \$4,475,453, as of June 30, 2010, to address anticipated state budget reductions, etc. Fullerton College's portion of the June 30, 2009, unrestricted ending fund balance was \$8,018,211, and its portion of the June 30, 2010, unrestricted ending fund balance was \$8,375,210. (18)

The district recognizes its financial obligations and seeks to fund all current and long-term financial obligations fully, following generally accepted accounting principles. The district has maintained and funded a self-insurance fund and a retiree benefits fund for many years. Based upon the district's most recent actuarial study, as of June 30, 2008, the district's actuarially determined unfunded liability was estimated at \$157,811,000. As of June 30, 2009, \$49,188,632 has been accumulated and set aside to address this obligation. Additionally,

18 NOCCCD Facilities and Finance website

the district continues to set aside funds toward the liability.

The district recognizes the need for both ongoing and nonrecurring maintenance of aging facilities and allocates financial resources annually to match with any state or other funding available for this purpose. In addition, the college budgets carryover funds for additional maintenance and facilities needs each year. A facilities bond was endorsed by voters in 2002 to renovate or replace a number of buildings on campus. In addition, the college has contributed significant amounts for scheduled maintenance to supplement the bond funds and have participated in the state capital outlay programs to further supplement bond dollars. Evidence of this is found in the completion of the Library Learning Resource Center, the Classroom Office Building, and the Physical Education Facilities Complex. The college has also set aside \$20 million over the last five years in carryover funds to supplement improvements to new buildings. (19) (20) (21)

Self Evaluation

The district and the college consider long-range financial priorities when making short-range financial plans to assure financial stability. As indicated in the NOCCCD Adopted Budget and annual audited financial statements, the district recognizes and allocates resources to fund long-term financial obligations. While providing for operational costs, funds must be set aside for increasing costs in retiree benefits and other ongoing non-compensation costs. Nearly \$50 million in retiree benefits has accumulated at the district, and attempts are regularly made to control this cost. (22)

The self insurance fund is sufficiently funded including the booking of all liabilities and the incurred but not reported claims. Retiree benefit and self insurance costs are considered when making short-range financial plans and plans for payment of future obligations.

19 NOCCCD Facilities and Finance website
20 Capital Projects Fund Budget 45000 series
21 Project Highlight: FC Physical Education Facilities Complex
22 NOCCCD Facilities and Finance website

The district is currently working on its Comprehensive Educational Master Plan. A consulting firm has been hired to facilitate the process. Districtwide input, collaboration, and organization of the project was previously carried out under the guidance of the former Vice Chancellor of Instruction. A well-qualified and experienced professional expert now guides the project. The district continues to submit plans, such as the five-year construction plan along with Initial Project Proposals and Final Project Proposals, to the state for consideration for funding building needs. (23)

Planning

None.

III.D.1.d. *The institution clearly defines and follows its guidelines and processes for financial planning and budget.*

Descriptive Summary

At the district level, the process for financial planning and budget development is described in the budget that is published annually and in board policies and administrative policies related to budget. The DPC discusses the budget and funding projections. Recommendations from the DPC are heard by the Chancellor, who chairs the DPC meetings, and proposals are presented to the BOT by the Chancellor and the Vice Chancellor of Finance and Facilities. (24)

Fullerton College has defined its guidelines and processes for financial planning and budgeting and follows a shared governance process whereby all affected persons have an opportunity to provide feedback into decision making, directly or through representation, and have those suggestions seriously considered. A description of the strategic planning process as well as forms and templates are available on the campus shared drive. The PBSC is the primary shared governance committee for fiscal planning and budgeting. The PBSC reviews budget augmentation requests, requests to fill vacancies,

23 Five-year Construction Plan
24 DPC minutes

and applications for the Dynamic Fund, which is sustained with carryover funds. The PBSC regularly reports to PAC and makes its recommendations for their consideration. PAC, in turn, makes recommendations to the President. (25) (26)

As vacancies occur for permanent non-faculty positions, the PBSC reviews the requests and makes recommendations to the President to be certain that the position meets the goals of the college and to be sure that sufficient funding is available to continue the position. (27)

The campus Business Office provides the financial management and planning oversight and, through clearly delineated procedures, ensures that the resources received from the district are accounted for and disbursed appropriately. The college, through scheduled program review cycles, reviews and monitors for the appropriateness of the level of support provided to various departmental programs and services that support district and college goals. (28)

Self Evaluation

The district and college follow a clearly defined budgeting model ensuring all guidelines and processes are followed. The district and college committees provide a means for valuable discussions of financial planning and budgeting that may be shared throughout the organization. The budgeting process is clearly identified in the NOCCCD Adopted Budget. (29)

Distribution of resources across the district is integrated with institutional planning. However, the college must be diligent in prioritizing its budget and expenditures during economic conditions which may be fine or dire. To continue to improve its effectiveness as an educational institution, the college strives to refine the links between planning and resource allocation to maximize the utilization

25 Forms and Procedures website
26 See Figure 1, p. 33
27 PBSC notes
28 Business Office website
29 NOCCCD Facilities and Finance website

of limited resources to remain true to the college mission and goals. (30)

Planning

None

III.D.2. To assure the financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision-making.

Descriptive Summary

District personnel use the accounting functions in the Banner system to manage budget information and to maintain appropriate control. The system provides online budget inquiries as well as a wide-range of reports that are used to analyze the fiscal condition and to disseminate information to constituencies. Funds may not be encumbered until funding is appropriated through the budget process.

District staff members review college and district budgets on a monthly, quarterly, and annual basis. Financial reports, which include the percentage of budget remaining and detailed encumbrances and expenditures, are available in real time to authorized staff members throughout the district. Appropriations undergo review and authorization prior to any adjustments, and all budget transfers are reviewed by campus and district fiscal staff before posting.

Self Evaluation

The district and college financial management system has appropriate mechanisms for control, and the information is dependable and disseminated on a timely basis for decision making.

Planning

None

III.D.2.a. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely and communicated appropriately.

Descriptive Summary

The annual Proposed Budget and Financial Report documents the distribution of allocations within the college and the obligations for which they are used. The CCFS-311 Report is included with the Proposed Budget, which is made available for public inspection prior to Board approval in early September each year. After approval, it may be found on the district's website. (31)

In addition to recommendations regarding funding allocations, as vacancies occur at the college for permanent non-faculty positions, the PBSC reviews the requests and makes recommendations to the President to be certain that the position meets the goals of the college and to be sure that sufficient funding is available to continue the position.

All long-term financial and contractual commitments for the college must be signed by authorized individuals. For certain contracts, the Vice Chancellor of Finance and Facilities is responsible for reviewing and making recommendations to the BOT for approval. The college maintains a listing of the necessary signatories for various documents such as payroll authorizations, purchase orders, professional development requests, and contracts. This practice ensures proper oversight of commitments as well as providing accountability and effective management of potential risk for these transactions or agreements. (32)

Investment policies outline specific directions and authorization for the investments of all district funds. Revenue collections are deposited in a timely

manner and are subject to identified internal control procedures. (33) (34)

Annually, all district funds are audited by an external accounting firm. Any identified audit findings are included in the audit, and the district's responses to the findings are included in the audit. The district has had minimal audit findings and has regularly corrected any issues prior to the next year's audit. Audit results are used to improve the management of the district financial procedures and policies. (35)

Self Evaluation

The district and the college have effective financial management systems with appropriate control mechanisms to assure the financial integrity of the institution. Audit reports conducted by external auditors show minimal findings, and corrections are made in a timely manner.

Planning

None

III.D.2.b. *Appropriate financial information is provided throughout the institution.*

Descriptive Summary

An integrated information system provides college and district personnel with access to timely and accurate financial information. A number of staff members have the ability to query the system to monitor budgets or produce reports in real time. (36)

The college updates its financial plan and makes adjustments for budget and expense transfers through the Banner system. The college's Budget Officer is responsible for periodic financial and projection reports to the college, the college President and vice presidents, and the Vice Chancellor of Finance and Facilities for developing the tentative and final budgets for adoption by the Board of Trustees. Records of the district are documented and maintained in accordance with district policy, State Education code, generally-

33 BP and AP 6320
34 Cash Handling Procedures
35 NOCCCD Facilities and Finance website
36 FGRBDSC Report Example

accepted accounting standards, and federal, state, and local funding agency regulations. The district budgets and audits are available for public review on the district website. (37)

Fullerton College reviews local budgets on a regular basis and ensures that the budget information is available for public review. Meeting notes for all PBSC meetings are available on the Business Office website as is other appropriate financial information. The Budget Officer also makes regular reports to PAC regarding college financial information. In addition, department coordinators, deans, directors, and managers have received appropriate training on budget accountability. (38)

Self Evaluation

Timely and dependable information about the budget, fiscal conditions, financial planning, and audit results is provided throughout the college and the district. The available information is sufficient in content and timing to support planning and financial management. (39) (40)

Planning

None

III.D.2.c. *The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.*

Descriptive Summary

Fullerton College's unrestricted ending fund balance for 2009-2010 was \$8,375,210; for 2008-2009 was \$8,018,211; for 2007-2008 was \$7,005,143; and for 2006-2007 was \$5,739,862. These are sufficient reserves for college emergencies. In addition, the district exceeds the 5% prudent reserve level recommended by the California Community College Chancellor's Office by earmarking additional reserves for Board Discretionary Contingency purposes. The total unrestricted general fund balance for the year

37 NOCCCD Facilities and Finance website
38 PBSC notes
39 PBSC notes
40 2009-2010 Resource Documents for Planning and College Initiatives

ending June 30, 2010, was \$40,862,058, and on June 30, 2009, was \$35,442,489. To date, cash balances have been sufficient to support district operations, including periods when the state does not enact a timely budget and apportionment payments are suspended. However, due to significant state apportionment deferrals to community colleges resulting from the state's fiscal crisis, the district currently has options in place to access cash should the need arise. The District has a Memorandum of Understanding (MOU) in place with California State Employees Association and United Faculty to borrow against the Retiree Benefits Fund in the event of a fiscal emergency, for purposes of meeting the actual and necessary expenses of the district. In addition, the district has adopted a resolution, entering into an agreement with the Orange County Treasurer, to obtain a temporary transfer of funds, not exceeding 85% of anticipated revenues, to meet current expenditures. (41)

Annually, the district allocates necessary funds for increases in utility expenses and other districtwide expenditures. Cash flows are projected for the year and statements are prepared monthly. (42)

All risk management services are coordinated by the District Director of Risk Management. The district is self-insured for both Workers' Compensation (WC) and Property and Liability (PandL) coverage. While the WC program is managed in-house with a third party administrator, the PandL program is handled through its membership in a Joint Powers of Authority, a self-insured risk sharing program for schools. These methods provide better local control and lower rates than fully indemnified programs. The district uses an actuarial methodology to identify long-term risk exposure, including those claims that may be incurred but not reported, which minimizes exposure to unfunded risk losses. (43)

Self Evaluation

Consistent with its core value of fiscal stability, the district and college maintain sufficient cash flow

41 Borrowing Agreement
42 NOCCCD Facilities and Finance website
43 Risk Management website

and reserves to meet all current and reasonably anticipated future obligations, including sensible reserves for possible risk losses kept in a self-insurance fund.

Planning

None

III.D.2.d. *The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.*

Descriptive Summary

The district plays a major role in the financial oversight of the college in areas of accounting, budgeting, risk management, payroll, purchasing, and contracts.

District staff members assigned to the Finance and Facilities Department are responsible for reviewing Title IV funds to ensure separation of function between the services provided on campus and the dissemination of direct financial aid to students. All Title IV cash management functions are accomplished at the district in conjunction with the campus financial aid office. (44)

The Fullerton College Foundation is an independent foundation. Financial oversight of the college's foundation is provided by foundation employees who have fiduciary responsibility for the management of the investment portfolio. The foundation is audited separately from the District and the college, receiving its own independent auditors' report annually. (45)

The district has a Citizens' Bond Oversight Committee, which oversees the spending of Measure X local obligation bond funds in compliance with Proposition 39. (46)

44 Daily Cash Flow Projections example
45 Foundation website
46 Bond information website

Investments for the district follow government code and board policies and administrative regulations, which provide specific directions and authorization for the investment of all district funds (BP and AP 6320). Investment reports are prepared and submitted to the Board of Trustees on a quarterly basis.

Revenue collections are deposited on a timely basis and are subject to internal control procedures. The district recently hired an internal auditor who reviews internal controls of revenue, expenditures, and special projects assigned by the Vice Chancellor of Finance and Facilities at the district and the college.

Self Evaluation

The district and the college use effective practices to monitor and oversee finances, including management of financial aid and other categorical funds, foundations, and institutional investments. Adequate policies are in place at the district and at the college and regular monitoring by external and internal auditors ensure that the college effectively administers its finances. Any issues identified in an audit are remedied in a timely manner. (47)

Planning

None

III.D.2.e. All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.

Descriptive Summary

The college ensures that all financial resources are used in a manner consistent with its mission and goals through an integrated approach to institutional planning and resource allocation. Program reviews and department plans identify needed resources to accomplish institutional goals.

One of the college's core values states, "We expect everyone to display behavior in accordance with personal integrity and high ethical standards." Behaving in an honest and ethical manner includes

47 Internal Audit Support

the treatment of all resources of the college including human resources and financial resources. Policies implemented throughout the district regularly affirm the commitment to high ethical standards.

Expenditures are evaluated and authorized at several levels to ensure appropriate use of resources entrusted to the college and the district. Program administrators of all categorical and grant expenditures confirm that expenditures are in compliance with the goals and objectives of the program. Additionally, the district's external auditors selectively review transactions for compliance with program objectives, as well as laws and regulations affecting the specific program. (48)

The college has a written set of procedures for all fund raising activities and cash handling on campus and all funds are accounting for within trust accounts by the bursar's operations, meeting the same standards and integrity required of any district funds. (49) (50)

Fullerton College administers several grants. All grants are governed under board policy (BP and AP 3280). All grants require a concept paper to be written before applying to ensure the grant is consistent with the needs of the college. The district takes an active role in monitoring grant expenditures and reporting requirements. Grant expenditures follow the same approval processes as other expenditures, but in addition, purchases must include a statement explaining how the grant objectives are being met. (51)

The Fullerton College Foundation was formed in 1959 to provide financial support to students. The foundation is a community-based organization serving the college as a 501(3)(c) organization. The Dean of Student Support Services and Dean of Academic Services serve as members of the Foundation's Board of Directors. The foundation's mission states, "The Fullerton College Foundation

48 NOCCCD Facilities and Finance website
49 Forms and Procedures website
50 Bursar's office website
51 Board Policies and Procedures website

promotes Fullerton College and enhances the education of our students by raising and accepting resources for scholarships, grants, programmatic, and institutional support.” Foundation financial statements are audited annually by an independent auditor. (52)

In September 2009, a Memorandum of Understanding was signed by the college President and the foundation’s Executive Director. This MOU establishes clearer communication and delineates roles of the foundation and the college. In November 2009, the foundation established an Advisory Board to work alongside the Board of Directors to aid in the prioritization of efforts and to expand fundraising activities. There is good participation from the college on the Advisory Board with several deans, the Vice President of Student Services, and many faculty members taking part. The district Vice Chancellor of Finance and Facilities also participates on the advisory board. (53)

Self Evaluation

All financial resources, including grants and auxiliary funds, are managed following standard district and college operating procedures that ensure integrity in a manner consistent with the mission and goals of the district and college. Historically, annual independent audit reports reveal minimal findings, which are corrected in a timely manner. (54)

For more than six years, the district has received unqualified opinions on its external financial and compliance audits. This is the highest level opinion of audit assurance possible, proving that sound fiscal practices and strong internal controls are in place. In addition, the unqualified opinions reveal that the district is in compliance with all applicable laws and regulations, including the California Community College Chancellors’ Office Budget and Accounting Manual and all applicable Governmental Accounting Standards Board (GASB) statements.

52 Foundation Audit Reports
53 Foundation Agreement
54 NOCCCD Facilities and Finance website

Planning

None

III.D.2.f. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of institution.

Descriptive Summary

A thorough review process is in place to evaluate contractual agreements. Contracts are reviewed by college personnel including the area dean and vice president, and those equaling \$5,000 or less are signed by the college President or the Director of Budget and Finance, according to policy. Recommended contracts over \$5,000 are forwarded to the Vice Chancellor of Finance and Facilities or the District Director of Purchasing for final review and authorization. If the contractual agreement necessitates more thorough analysis, the district’s general counsel may be involved. (55)

The District Director of Purchasing is authorized to sign purchasing agreements in accordance with purchasing policies established by the Board of Trustees. This ensures that goods and services are obtained in a cost-effective manner in compliance with pertinent law. The District Purchasing Department has sole authority to prepare and issue district purchase orders. The Manager of Campus Accounting and the Director of Budget and Finance are authorized to issue purchase orders for the campus bookstore and bursar’s office. (56)

The college has a number of contractual agreements, including a contract with Sodexo to provide campus food services, contracts with external agencies for construction projects, and contract with community organizations to use college facilities. All contracts have either a direct benefit to the college mission and goals or provide benefits to the campus in the way of revenue generation. Modification or cancellation of the contracts is allowed if the

55 NOCCCD Purchasing website
56 NOCCCD Purchasing website

terms of the agreement are not maintained to the satisfaction of the college.

Self Evaluation

The district and the college have policies and procedures in place to ensure contractual agreements with external entities are consistent with the college's mission and goals and contain provisions to maintain the integrity of the institution. A systematic review is undertaken for all contracts. Contracts follow a standardized routing and communication process ensuring that all necessary reviews occur. Authorized signers are informed and presented with essential information to ensure obligations align with the mission and goals of the college and the district. (57)

Planning

None

III.D.2.g. *The institution regularly evaluates its financial management processes, and the results of evaluation are used to improve financial management systems.*

Descriptive Summary

The NOCCCD has sufficient supervisory staff in the Fiscal Affairs Office and at the college to regularly evaluate financial management processes. At the college, the Budget Director oversees the financial management of the institution. The college Budget Director participates in regular meetings with other budget officers from Cypress College and district personnel providing a forum to discuss issues associated with fiscal management processes.

The district hires an independent auditor annually to ensure that financial statements and internal controls are appropriate. Any findings and recommendations are remedied in a timely manner. The district also conducts internal audits to assess processes and uses the results of those audits to make improvements to financial and information systems. (58)

57 Forms and Procedures website
58 Internal Audit Support

The DPC routinely reviews its budget allocation model, evaluating and updating as deemed desirable. The PBSC also routinely reviews its allocation model and makes changes to improve its model as well.

Self Evaluation

Fiscal planning processes are well defined and have been refined over several years through evaluation and improvement. The processes enable the college to maintain fiscal stability through difficult economic times.

Planning

None.

III.D.3. *The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.*

Descriptive Summary

From a financial perspective, there are various mechanisms in place to assess the effectiveness of services provided districtwide. Financial records are subject to periodic internal review and an annual external audit. Various categorical programs are also subject to review/audit by the funding agency. Committees, such as the DPC, PBSC, and the budget officers group, meet regularly to discuss and assess financial practices and procedures of the district. And lastly, every district agenda item submitted under the current board agenda format clearly identifies how the District operations are aligned with the Districtwide Strategic Plan, which encompasses the institutional missions and functions. The college uses the results of internal and external audits, program reviews, budget committee evaluations, and other financial indicators to assess its use of financial resources and to make improvements.

The districtwide resource distribution method is data driven. To name a few examples, distribution of resources based on FTES is from data compiled by the campuses from information contained within the district's enrollment; carryover analysis

is based on information contained within the district's general ledger system; and personnel costs, which comprise more than 80% of the ongoing expenditures, are based on information contained within the district's human resource system. In addition, the college's researcher provides evidence based on data gathered from various sources. The district's budgeting process is decentralized once the resources are allocated to the institutions in accordance with the budget allocation model. Therefore, with the exception of personnel costs for all permanent positions, use of the allocated resources is left to the college's internal budgeting process, using a shared governance approach to address the needs and priorities of the institution.

The college and district can evaluate its financial practices effectiveness through several instruments. As previously mentioned, the district's financial records are subject to periodic internal review/audit and annual external audits, both of which provide qualitative and quantitative data assessment. Additionally, various monthly, quarterly, bi-annual, and annual reports are completed accurately and timely. There have been no material weaknesses identified on audits or reviews performed on any of the college's categorical programs or on the district financial records as a whole.

During the 2009-2010 academic year, the efficiency of instruction appreciably improved as a result of increased efforts by faculty and administration to manage classroom enrollment effectively while continuing to offer a comprehensive schedule allowing students to reach their educational goals. Lastly, as faculty vacancies occur, positions are evaluated to determine whether to fill the vacancy or to use the funds in a different category of the budget.

Self Evaluation

Fiscal resources are systematically reviewed and results are used for continuous improvement.

Planning

None

Evidence for Standard IIID (Footnote References)

1. 2009-2010 Resource Documents for Planning and College Initiatives
<http://pac.fullcoll.edu/2009-2010%20ResourceDocuments.pdf>
2. NOCCCD Strategic Plan, 2006
http://www.nocccd.edu/StrategicPlanning/documents/nocccd_strategic_plan_062706.pdf
3. 2009-11 Districtwide Strategic Plan Update
http://accreditation.fullcoll.edu/evidence/NOCCCD_district_strategic_plan_2009-11.pdf
4. PAC website
<http://pac.fullcoll.edu>
5. PBSC website
<http://businessoffice.fullcoll.edu/BDC.htm>
6. 2009-2010 Resource Documents for Planning and College Initiatives
<http://pac.fullcoll.edu/2009-2010%20ResourceDocuments.pdf>
7. PBSC website
<http://businessoffice.fullcoll.edu/BDC.htm>
8. PBSC website
<http://businessoffice.fullcoll.edu/BDC.htm>
9. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
10. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
11. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
12. 2009-2010 Resource Documents for Planning and College Initiatives
<http://pac.fullcoll.edu/2009-2010%20ResourceDocuments.pdf>
13. PBSC website
<http://businessoffice.fullcoll.edu/BDC.htm>
14. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
15. FGRBDSC Report Example
http://accreditation.fullcoll.edu/evidence/FGRBDSC_Report_Example.pdf
16. PBSC website
<http://businessoffice.fullcoll.edu/BDC.htm>
17. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
18. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
19. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
20. Capital Projects Fund Budget 450000 series
See Standard IIID folder in Evidence Room.
21. Project Highlight: FC Physical Education Facilities Complex
<http://www.nocccd.edu/Departments/FandF/FacilitiesBond/ProjectHighlight.htm>
22. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
23. Five-year Construction Plan
http://accreditation.fullcoll.edu/evidence/5yr_Construction_Plan.pdf

Evidence for Standard IIID (Footnote References) (cont'd)

24. DPC minutes

See Standard IIID folder in Evidence Room.

25. Forms and Procedures website

<http://formsandprocedures.fullcoll.edu>

26. See FC Planning and Budgeting Model, Figure 1, p. 33 in Self Study

27. PBSC notes

<http://businessoffice.fullcoll.edu/BDC.htm>

28. Business Office website

<http://businessoffice.fullcoll.edu>

29. NOCCCD Facilities and Finance website

<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>

30. 2009-2010 Resource Documents for Planning and College Initiatives

<http://pac.fullcoll.edu/2009-2010%20ResourceDocuments.pdf>

31. NOCCCD Facilities and Finance website

<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>

32. Routing of Forms: Forms and Procedures website

<http://formsandprocedures.fullcoll.edu>

33. Board Policies and Procedures website: See BP and AP 6320

<http://www.nocccd.edu/Policies/PoliciesAndProcedures.htm>

34. Cash Handling Procedures: Forms and Procedures website

<http://formsandprocedures.fullcoll.edu>

35. NOCCCD Facilities and Finance website

<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>

36. FGRBDSC Report Example

http://accreditation.fullcoll.edu/evidence/FGRBDSC_Report_Example.pdf

37. NOCCCD Facilities and Finance website

<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>

38. PBSC notes

<http://businessoffice.fullcoll.edu/BDC.htm>

39. PBSC notes

<http://businessoffice.fullcoll.edu/BDC.htm>

40. 2009-2010 Resource Documents for Planning and College Initiatives

<http://pac.fullcoll.edu/2009-2010%20ResourceDocuments.pdf>

41. Borrowing Agreement

http://accreditation.fullcoll.edu/evidence/Borrowing_Agreement_8-2-10.pdf

42. NOCCCD Facilities and Finance website

<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>

43. Risk Management website

<http://www.nocccd.edu/Departments/FandF/RiskManagement.htm>

44. Daily Cash Flow Projections example

http://accreditation.fullcoll.edu/evidence/Daily_Cash_Flow_Projections.pdf

45. Foundation website

<http://fullcollfoundation.org/>

46. Bond Information website

<http://www.nocccd.edu/Departments/FandF/FacilitiesBond/FacilitiesBondInfo.htm>

47. Internal Audit Support document

http://accreditation.fullcoll.edu/evidence/Internal_Audit_Support_FC.pdf

Evidence for Standard IIID (Footnote References) (cont'd)

48. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
49. Forms and Procedures website
<http://formsandprocedures.fullcoll.edu>
50. Bursar's Office website
<http://fcbursar.fullcoll.edu>
51. Board Policies and Procedures website
<http://www.nocccd.edu/Policies/PoliciesAndProcedures.htm>
52. Foundation Audit Reports
See Standard IIID folder in Evidence Room.
53. Foundation Agreement
See Standard IIID folder in Evidence Room.
54. NOCCCD Facilities and Finance website
<http://www.nocccd.edu/Departments/FandF/FinanceFacilities.htm>
55. NOCCCD Purchasing website
<http://www.nocccd.edu/Departments/FandF/Purchasing.htm>
56. NOCCCD Purchasing website
<http://www.nocccd.edu/Departments/FandF/Purchasing.htm>
57. Forms and Procedures website
<http://formsandprocedures.fullcoll.edu>
58. Internal Audit Support document
http://accreditation.fullcoll.edu/evidence/Internal_Audit_Support_FC.pdf