Minutes of the October 20, 2015 Finance, Compliance, Personnel & Audit Committee meeting – Alumni Board Room (219), Wellesley Hills Campus

Committee members present: Ken Der, Dan Juliani, Jamie Hoag, Tom Peisch (ex-officio)

Board member present: Sylvia Beville

Staff members present: Yves Salomon-Fernandez, Interim President; Eileen Gerenz, Controller, Kathleen Kirleis, Vice President for Finance & Administrative Services; Robin Nelson-Bailey, Vice President of Human Resources, Labor Relations, Compliance and Affirmative Action Officer; Lynn Hunter, Vice President for Academic Affairs, Chris LaBarbera, Dean for Humanities and Social Sciences, Karèn Britton, Executive Assistant to the President; Debbie Georgopoulos, Staff Associate for Finance & Administrative Services.

Call to Order and Approval of Prior Meeting Minutes –Committee Chair Ken Der called the meeting to order at 5:02 p.m. After introductions, Chair Der asked for the review of the prior committee meeting minutes (Item 1). Edits were noted.

MOTION: Tom Peisch made the motion to approve the minutes of the September 8, 2015 Committee meeting as amended. Dan Juliani seconded and the motion passed with one abstention by Jamie Hoag who did not attend the meeting.

FINANCE ITEMS

Vice President Kirleis reported on the finance items.

Approval of the Budget vs Actual Comparison Report
Budget v Actual Report – this report is as of August 31, 2015. Vice President Kirleis reported that tuition and fees is reported at $1.7M, down $1.6M from what was budgeted. There have been some issues with the tuition information being reported out of the student subsystem. Work is underway to have the issue resolved. Expense items continue to be lower than budgeted due to a lower amount of activity over the summer semester.

MOTION: Tom Peisch made a motion to recommend the Committee accept the Budget vs Actual Comparison Report dated September 30, 2015 as submitted by Vice President Kirleis and transmitted to the full board for consideration at the next board meeting. Jamie Hoag seconded and the motion passed unanimously.
September 2015 Student Accounts Receivable Report
Aging Report – this report is as of 9/30/15. Additional tuition and fees were billed in September and are now reflected in the balance, with 70% of the A/R balance belonging to Fall 2015 semester. The $6.3M balance is $2.1M lower than Sept 2014’s $8.4M balance primarily due to the write-off of aged accounts receivables and favorable collection of current receivables at the end of FY15.

August 2015 Local Funds Cash Report (Item 3a)
Local Funds Cash Position Report – even though we said we would get rid discontinue use of this report last month, it is included for one last time this month.

August 2015 Ten-Year Cash Balances Report (Item 3b) –
The Month End Cash Balance Report shows cash balances from January 2006 to August 2015. The cash balance at the end of August 2015 is at its highest level for the end of August for the past ten years.

September Projection Report
Cash Forecast Report – this report shows cash projected over the next 12 weeks. By the beginning of October, cash is down to $7M and is expected to stay in the $7M-$8M range over the next 12 weeks.

August 2015 Contracts Report (Item 4) –
Contracts Report – this report shows one contract issued since the Board last met. It is a contract funded under the Title III grant and is for the Acalog software, which is a curriculum management software.

Revised Budget Status Update
Will be available for the November Meeting.

COMPLIANCE ITEMS

Gainful Employment (Item 5)
Vice President Kirleis noted that in terms of our compliance, some of our FY14-15 data has been submitted. However, students who received other Title IV funds, such as Pell, SEOG and federal work study, but who did not receive loans, still need to be reported. Work is underway to complete this reporting. Vice President Kirleis explained the issues and the processes being developed to address them.

It was noted the Gainful Employment Report was for gainful employment certificate programs only. There are similarities to Clery reporting, in that it is required by the Department of Education and can affect Financial Aid issuance, and that the report requires input from various areas of the College. It is expected that the remaining work for FY14/15 and the other outstanding years will be done by the end of this week. More time will be necessary to review existing policies and procedures in conjunction with current DOE reporting requirements to determine what updates may be needed and implemented. A group of key stakeholders will be brought together to begin work.
Interim President Yves Salomon Fernandez recently attended a meeting of the American Association of Community Colleges, and learned that 400-500 Community Colleges nationwide are in the same predicament. As a result of the significant number of institutions dealing with reporting issues for Gainful Employment, AACC will advocate with the Feds. This realization does not absolve the College, but indicates that MassBay is not alone.

The information is complex and changing. The College is in constant contact with Feds for guidance and updates. Vice President Kirleis reminded the Trustees we are on provisional status because of Clery and cannot have any new programs approved until we get these issues resolved.

**NJCAA Eligibility (Item 6)**

Interim President Salomon Fernandez reported that MassBay failed to file verify and submit the report of the eligibility of students for Men’s Soccer within the appropriate time frame as required by the National Junior College Athletic Association (NJCAA) within the appropriate time frame. As a result, a mandatory audit of the men’s soccer program is required. NJCAA acknowledged receipt of the report and we await their response.

Dr. Salomon-Fernandez noted the position of Associate Director is vacant, and the preparing the extensive paperwork required for each student is time consuming. Until adequate competent staffing is in place, the impact of the burden of reporting creates a vicious cycle. The Trustees noted that the athletic programs at MassBay are costly and require detailed reporting. It was suggested the Athletic Department undergo a review of program costs and participation to determine if the expense can be sustained.

It was noted that the *Young Men of Color* Program was created to academically support the student athletes. Coach Raynor has been instrumental in the success of that program and has created an anchor for at risk students. The strategy has to turn to increasing enrollment and retention.

The Trustees undertook a discussion regarding the direction of the College and the effect decisions made under the former President were having. Understaffing is affecting the morale of the College Community. It was suggested that certain specific positions are essential in order to help right-size the College.

1. Compliance Officer, a person whose sole job responsibility would be to build infrastructure and to anticipate, monitor and resolve compliance issues.
2. Director of Student Retention, to coordinate programs.
3. Dean of Corporate Workforce, which would offer multiple potentials. In addition to relationship and revenue for corporate training, this position would also forge relationships the Foundation can target.
Concerns regarding the effect new positions would have on the budget were voiced. The Interim President stated that budget revisions will be again required in the Spring. It is not possible to revise the budget without considering personnel.

It was determined this would be an appropriate discussion for the retreat. The date for the Retreat has not been determined yet. The Board will determine what questions they have and what data is required. Karen Britton will coordinate schedules and plan the retreat as soon as possible. The Retreat will be on the Agenda for the October 27, 2015 Board Meeting.

It is recommended the Board consider alternative strategies to solidify the foundation of the College and the associated costs. We need a plan where we’re going and how we will recover. That’s where the real right-sizing needs to happen.

A discussion regarding program reduction will also be undertaken at the retreat. Dr. Salomon-Fernandez advised the Trustees that the faculty were considering work-to-rule, and more information will be provided at the Board Meeting.

**Systems Improvements**

Noting that MassBay is an organization that has challenges with its systems, Vice President Kirleis spoke to the Board about two major areas of challenge:

1) ERP system – the College has recently completed an upgrade of its Peoplesoft system. The College’s CIO will be presenting a report to the Board of Trustees in November on this project. However, there is still additional configuration and business process work to be done.

2) Business processes – the College’s internal control manual was last updated in 2005. Business processes need to be updated to reflect today’s higher education business and regulatory requirements.

**September 2015 Personnel Actions Report (Item 7)**

Vice President Robin Nelson-Bailey reviewed personnel report.

**AUDIT ITEMS**

**Financial Statements**

The draft financial statements for the year ended 6/30/15 were provided to the Board. The auditors O’Connor and Drew will attend next week’s full Board meeting to present the financial statements to the entire Board. Vice President Kirleis reviewed the highlights of the reports noting that the College has received an unqualified opinion on its audit this year, including:

- Statements are presented for one year only, due to implementation of GASB 68.

- Management Discussion & Analysis has been updated this year to include:
  - Overall cash position for the College increased by nearly $3M in this past year.
There were no instances of non-compliance noted in the Independent Auditor's Report on Internal Control.

**Management Letter**
The management letter notes one new comment and three prior year comments that have been resolved. Congratulations to Robin Nelson-Bailey and the HR team on having the HR comment finally resolved and to Eileen Gerenz for having the A/R write-offs resolved.

**State Audit**
The College has been notified that it is going to be audited by the Office of State Auditor for FY14 and FY15. Audit is expected to continue until December 2015.

**Department of Labor TAACCT Audit**
The Office of the Inspector General is performing an audit of the Trade Adjustment Assistance Community College and Career Training (TAACCT) Grant Program. This audit covers a four year period and is expected to begin next week.

**ADJOURNMENT**

**MOTION:** Trustee Peisch made the motion to adjourn the meeting; Trustee Juliani seconded. The Motion passed unanimously.

Meeting adjourned at 6:38 p.m.

[Signatures]

Thomas E. Peisch
Acting Chair
Board of Trustees

Yves Salomon-Fernandez
Interim President
Massachusetts Bay Community College