Minutes of the November 17, 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)

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; Karen Britton, Assistant to the President; Elizabeth Kinsman, Staff Associate for the Vice President of Academic Affairs; Larry Goff, Adjunct Faculty and President’s Council Adjunct Representative.

Call to Order and Approval of Prior Meeting Minutes – Committee Chair Ken Der called the meeting to order at 5:00p.m. After introductions, Chair Der asked for the review of the prior committee meeting minutes (Item 1). Edits were noted on pages 2 and 3.

MOTION: Trustee Peisch made the motion to approve the minutes of the October 20, 2015 Committee meeting as amended. Trustee Juliani seconded and the motion passed unanimously.

FINANCE ITEMS

Vice President Kirleis reported on the finance items.

Approval of the Actual to Budget Comparison Report

Budget v Actual Report – This report is as of September, 2015.

This report is as of September 30, 2015. Total revenue is reported at $17.3M, down $632K from the $18M from what was budgeted. This is a result of the lower level of enrollment this fall. Expense items continue to be lower than budgeted due to a lower amount of activity over the summer semester and activity just starting up as the semester started in September. There have been extra costs for temporary employees.

Interim President Salomon-Fernandez reported that morale across campus is low. MCCC Union President Tarutis has said the same. In neither case is it just about money, but more about the workload given most offices are short staffed. Customer Service training is very important. Comment boxes looking for feedback have been placed around campus. The Employee Recognition Subcommittee is still meeting despite the Work to Rule.

MassBay has budgeted annual reserves of 1.9 million. The college will reduce the reserve provision to keep the budget balanced for 2016. Currently, underspending the capital budget is projected as projects that take time to plan and some items have been deferred. This capital budget will be cut by 1/3 in the revised budget. It may not be realized by the end of year and it is
recommended that this budget be reduced to $400,000, annualized. Cost for flooding is not reflected in this report. The cost for the remediation $22,000. There is contingency within the capital budget that will be used to pay for that expense.

**MOTION:** Trustee Juliani 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. Trustee Peisch seconded and the motion passed unanimously.

**September 2015 Contracts Report (Item 4)**

**Contracts Report** – This report shows two contracts issued since the Board last met. Both are for utility contracts to lock in rates for the College.

**October 2015 Student Accounts Receivable Report**

**Aging Report** – This report is as of 10/31/15. It shows the results of the College’s changes in payment and collections. The balance is down $3.2M from last month, which is good for the college. Developing best practices is putting us in a better position.

**September 2015 Ten-Year Cash Balances Report (Item 3b)**

**Month End Cash Balance Report** – This report shows cash balances from January 2006 through September 2015. The cash balance at the end of September 2015 is at its highest level for the end for September since September 2006. This is directly attributable to improvement in the collection of accounts receivable.

**October Cash Projection Report**

**Cash Forecast Report** – This report shows cash projected over the next 12 weeks. By the beginning of November, cash is up to $12.8M due to increase collection of accounts receivable and disbursement of student financial aid. It is expected to stay in the $12M range over the next 12 weeks.

**Revised FY16 Budget Status Update**

The original FY16 budget adopted in June was for $37.3M. The revised FY16 operating budget submitted today reduces the budget to $36.3M, primarily to take into account the reduced level of enrollment this fall and anticipated lower enrollment in the spring.

Expenses have also been adjusted for the revised budget. The budget line for permanent personnel has been reduced by $86K due to increased salary savings due to vacant positions. The adjunct faculty line has been increased by $300K to align the budget more closely with actual operational costs, as the College has operated at a deficit in this line in past years. Non-personnel costs were reduced by $173K, but unfortunately also had to be increased by $231K to account for several unbudgeted costs.
such as the Metrowest College Planning Center, creating a net increase in this line of $58K. The State did do a supplemental appropriation for some costs. One example on the revenue side is the National Guard costs that have been added back into the budget. On the expense side, adjunct faculty costs are higher.

Planned capital expenditures were reviewed and several items were put on hold or deferred until next year. The largest of these was the construction of the Wellness Center roof replacement, which will now start in July 2016. Nothing critical being deferred.

In order to balance the budget, it was necessary to reduce the planned amount of net income, shown as reserves in the budget by $728K from the originally planned $1.9M to $1.2M.

Trustee Der stressed that this item is the most critical part of today's agenda. Interim President Salomon-Fernandez noted that core functions of college have been preserved. The Admissions, Human Resources and Marketing budgets have not been touched. It is symbolic that the Office of the President and Trustees have cut their budgets as much as they have. There is no out-of-state travel. The Executive Team and college have handled this very well. Everyone has had to share in cost-cutting. Deans have reduced courses and are re-looking at electives and strategy in general. They are closely monitoring courses with below seven students as well as those required for graduation, and staying in contact with faculty. Full time course loads are also being looked at. DCE courses are extra income.

Trustee Peisch asked if there had been any salary adjustments, as it appears additional compensation is needed for some employees with the burden of extra work being placed on those employees not protected by contract. Interim President Salomon-Fernandez explained that people have been recognized with letters but not compensation, despite the Board of Higher Ed Commissioner asking that a 3.5% increase be provided. Trustee Peisch stated that some Board members may question these decisions. Trustee Juliani suggested that the Foundation Board may be able cover some of the critical expenses, including Foundation salaries, given its current strong financial position.

General discussion took place regarding cuts to the Athletics budget. The Interim President did meet with a Wellesley resident who requested a meeting on the issue of athletics at the College. The Executive Team is thinking of unique ways to secure funds for Athletics, including the Foundation.

**MOTION:** Chair Peisch made a motion to recommend the Committee present the Revised FY16 Budget to the Full Board for consideration at the next meeting. Trustee Juliani seconded and the motion passed unanimously.

**COMPLIANCE ITEMS**

October 2015 Personnel Actions Report (Item 7)
Vice President Robin Nelson-Bailey reviewed the Personnel Report. The Executive Team is very happy to fill the first three positions, in particular. The Evening Chair of Nursing position is still needed as this program is still being phased out in order to support current students.

Presidential Search Update

Vice President Nelson-Bailey informed everyone that the Committee had its first meeting last week. A letter from Trustees Price and Beville has been sent to the internal Community as well as Foundation and Trustees. It includes a survey with a completion deadline of November 20. Town Hall meetings will be scheduled the week of November 30 for which need facilitators and note-takers are needed. The web site is also being worked on.

AUDIT ITEMS

The current draft of the FY15 A-133 audit sets forth the results of O’Connor and Drew’s A-133 audit. David DiLullis and Brendan McGuinness will be attending the Full Board meeting next week to review this report.

The summary of the auditors’ results can be found on page 6, where it is noted that an unmodified report is being issued for FY15 and that for the financial statements, there are no material weaknesses or significant deficiencies identified that are not considered to be material weaknesses. However, for federal awards, there were findings of significant deficiencies that were not considered to be material weaknesses.

The major programs for MassBay this year were two: Student Financial Aid and Title III. The dollar threshold for these programs was $300,000.

This year there are four findings. The draft distributed puts forth the finding and the auditors’ assessment of cause and effect and recommendations. Management responses are being developed and will be in the binder distributed to the Board later this week.

The first finding is a repeat from prior year and is about timely reporting of student enrollment changes.

The second finding relates to the federal work study program and is a repeat from last year. Federal regulations require that an institution monitor and ensure that work study students do not work during their designated class times. 5 out of 15 students in the sample worked during scheduled class time.

The third finding is about Satisfactory Academic Performance, or SAP. One student was noted as having been awarded federal financial aid, despite not having maintained satisfactory academic progress.

The fourth finding is about student loan exit counseling. Schools are required to conduct exit counseling with each borrower. 6 out of 25 students sampled did not complete this counseling.
The report also has a Schedule of Prior Year Findings and Questioned Costs. Last year, the College also had four findings. Two of these prior findings did not have any findings this year. They are the return of unclaimed funds within 240 days and return of funds when students withdraw from the College. These had been findings in multiple prior years and staff had worked diligently to improve procedures and results in this area. Vice President Kirleis commended her team in getting these matters resolved so that there were no findings in FY15.

Interim President Salomon-Fernandez thanked Vice President Kirleis and her team for all of their work.

**MOTION:** Trustee Juliani made the motion to accept the A-133 Audit and Trustee Hoag seconded. The Motion passed unanimously.

**ADJOURNMENT**

**MOTION:** Trustee Peisch motioned to adjourn the meeting and Trustee Juliani seconded. The Motion passed unanimously.

The meeting adjourned at 6:05 p.m.

Ken Der  
Committee Chair

Date

Yves Salomon-Fernandez  
Interim President

Date

Massachusetts Bay Community College