



## **STANDARD III**

### **Resources**

*The institution effectively uses its human, physical, technology, and financial resources to achieve its broad educational purposes, including stated student learning outcomes, and to improve institutional effectiveness.*

### **Standard III: Resources**

*The institution effectively uses its human, physical, technology, and financial resources to achieve its broad educational purposes, including stated student learning outcomes, and to improve institutional effectiveness. Accredited colleges in multi-college systems may be organized such that responsibility for resources, allocation of resources and planning rests with the system. In such cases, the system is responsible for meeting standards on behalf of the accredited colleges.*

#### **Standard III.D. 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.*

#### **Descriptive Summary**

The District's annual budget process begins with the release of the Governor's preliminary budget in January of each year and follows a budget calendar approved by the San Bernardino Community College District (SBCCD) Board of Trustees (Board). The budget is developed in accordance with title 5, the California Community Colleges Budget and Accounting Manual (BAM), the best practices of the Government Finance Officers Association (GOFA), and the fiscal policies set forth by the Board. The district has received the GOFA Distinguished Budget Presentation Award for fiscal year 2011 and 2012.

San Bernardino Valley College (SBVC) receives unrestricted general funds via the SBCCD resource allocation model, which distributes funding to two colleges and central support programs. The allocation model, through 2013-2014, distributes funding at a 70:30 ratio to SBVC and Crafton Hills College respectively, after an assessment is made to cover the expenses of programs that are considered district-wide, including Fiscal Services, Human Resources, Chancellor's Office, School Police, Central Computing services, and other programs including KVCR television and radio, and the Employment Development Training Center (EDTC). The SBVC FY 13-14 Unrestricted General Fund budget totaled \$39,516,761.

SBCCD contracted with the College Brain Trust to review the resource allocation model 2014/2014 do a Budget Study [\[Evidence\]](#). Based on the recommendations from the College Brain Trust, Chancellor's cabinet and the District Budget Committee a new resource allocation model has been approved form 2014-2015 [\[Evidence\]](#).

The District has been in financial decline in recent years due to the state budget cuts. This has severely impeded improvements across all programs. Accordingly, caps in Full Time Equivalent Students (FTES) have declined, and expenses have been adjusted to match revenues, resulting in cuts in most areas. The Board's adopted directives have guided the development of a strategic budget that carefully balances the need to provide access to educational resources for our communities and provide academic excellence in our classrooms. It has also preserved our commitment to faculty and staff i.e. we have not had any layoffs of full-time contract employees, furloughs, or other salary reductions due to deficit spending from a healthy fund balance. The Board has set the fund balance minimum at 15% of general fund expenditures, while the state

has a 5% minimum requirement. This strategy, along with selective hiring (priorities set at the college level but approval to fill determined at Chancellor's Cabinet), reductions in subsidies to KVCR, and active management of past and future liability for Other Post-Employment Benefits (OPEB), allows SBVC and the district to weather the budget challenges of recent years.

SBVC has built a substantial fund balance in addition to the SBCCD fund balance. This has allowed the college to deficit spend during recent years of state budget shortfall. While the SBVC fund balance is a resource that has been relied upon to some extent, it is the conservative and prudent cost control measures that have mitigated our reliance on the same. These measures include collaboration with the District via Chancellor's Cabinet regarding selective filling of vacant positions and using these savings to maintain as much access as possible by minimizing cut sections, as well as holding where possible, supply and contract costs to the previous year's budget amount.

The SBVC Budget Committee serves in an advisory capacity to College Council in all aspects of budget development and management to protect the financial well-being of the college and to operate successfully within the budget. The Budget Committee makes data-driven recommendations that align resource allocations with resource planning, utilizing the college mission, institutional planning documents, and program review recommendations [Evidence: [Budget Committee Charge; College Council & Budget Committee minutes](#)].

The Budget Committee serves in all three areas of the College Council's primary functions including Planning, Issue Management, and Communication . Specifically, the Budget Committee develops annual budget assumptions, recommends reserve and contingency funds, identifies discretionary monies, and reviews and develops strategies for funding campus priorities. The Budget Committee reviews and makes recommendations for resolution of emerging budget issues and creates processes for better budget development and management. Throughout the year, the Budget Committee articulates and clarifies the budget development and management process for the campus community, including training, promoting budget awareness, and maintaining the transparency of budget decisions.

### ***III.D.1. The institution's mission and goals are the foundation for financial planning.***

#### **Descriptive Summary**

The SBVC developmental budget begins with the distribution of the annual developmental budget worksheets in March. The timeline for the developmental budget process is driven by the Board adopted budget calendar and ultimately state requirements. Internally, the college has its own method of creating the developmental budget to meet the deadlines.

Division deans meet with their respective departments and review the college's mission and goals as identified in the strategic plan, and incorporate them into the developmental budget. The Strategic Initiatives are used by departments and divisions to guide preparation of the developmental budget.

Details and objectives to these goals can be found in the SBVC Strategic Plan [Evidence].

The campus resource allocation process integrates the campus strategic plan and associated goals with the Program Needs and Program Efficacy reviews as a means of setting priorities for funding institutional improvements. Program Needs and Efficacy review align with the campus

mission by using the goals of the strategic plan each year to determine priorities for both ongoing funding i.e. growth positions and budget augmentation, as well as one-time needs for equipment and technology or facilities improvements. The college mission and strategic plan goals are the foundation for all funding decisions regarding urgent or emerging needs requests. In 2013-14 the college instituted a new process for funding these requests including documented needs funding flow chart and application forms, both of which include specific and mandatory ties to the college mission and strategic planning goals.

The newly re-established SBVC Budget Committee serves in an advisory capacity to College Council in all aspects of budget development and management to protect the financial well-being of the college and to operate successfully within our budget. The Budget Committee makes data-driven recommendations that align resource allocations with resource planning, utilizing the college mission, institutional planning documents, and program review recommendations.

### **Self-Evaluation**

The institution meets this standard, however, budget development is a task added to management's work load during the year, especially the months of March-April. It may be easy to lose sight of the big picture, i.e. the institutions mission and goals. The process can be improved during budget development by making the mission and goals more visible.

In recent years of budget decline, difficult decisions were made relative to cuts; when, where, how much. This occurred during budget development, as well as planning for mid-year cuts if they became necessary. The college goals and strategic plan were considered when planning for diminishing revenue. Most cuts in instruction (sections) were done across the board by division with extra consideration given to basic skills courses. Likewise, during this new period of potential growth, the mission and goals are considered and used to guide the planning for increased revenue. The six goals are not prioritized in anyway; all are significant and important to the success of the institution, from "access" to "facilities". If any goal becomes significantly out of balance for too long in terms of funding and attention, the institution suffers.

### **Actionable Improvement Plan**

- Print the Mission and Goals on financial planning documents so they are visible, up front and center. Include Mission and Goals in the developmental budget instructions to management with direction to consider these as the budget is developed.
- Consider the balance of goals when developing the multi-year plan/budget for growth; balancing access and potential for increased state funding with necessary support services. Make this part of the agenda during planning and budget review meetings.

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

#### **Descriptive Summary**

SBVC establishes funding priorities among competing needs through program review, which is integrated into the Needs Funding Process.

The program review needs process, which determines funding priorities, are linked to the campus strategic plan and goals. The new multi-year budgeting process, which takes input from the SBVC Budget Committee, is also tied to the strategic goals of the campus.

Annual and long-term budget requests are based on the evaluation of goals in program review. Program review analyzes campus program and service needs and provides a prioritized list. Program efficacy review is also used as a factor in making budgeting decisions.

Campus plans (Strategic, Educational, Enrollment Management, Student Equity, Professional Development, Matriculation, Facilities, and Technology) provide a framework for campus financial planning process. The SBVC Planning Model for the institution includes budget prioritization processes. The committees or departments that oversee these plans become the natural responsibility centers to monitor progress, manage the communication, and incorporate financial planning.

College Council comprises representatives from all other committees on campus, and provides a forum for integrated planning among all constituencies, campus plans, and committees. The College Council is regularly apprised of budget and financial status of the institution, especially prior to funding decisions.

The Budget Committee serves in all three areas of the College Council's primary functions including planning, issue management, and communication. Specifically, the Budget Committee develops annual budget assumptions, recommends reserve and contingency funds, identifies discretionary monies, and reviews and develops strategies for funding campus priorities. The Budget Committee reviews and makes recommendations for resolution of emerging budget issues and creates processes for better budget development and management. Throughout the year, the Budget Committee articulates and clarifies the budget development and management process for the campus community, including training, promoting budget awareness, and maintaining the transparency of budget decisions.

The SBVC financial planning is integrated with district planning as well, as it is a prime component of the district financial picture. During budget development, and increasingly during multi-year planning, numerous meetings are held between the District Budget Committee (DBC), SBVC administration, SBCCD Fiscal Services, and the chancellor to establish short and long term goals for the college and district, and the associated financial strategy.

### **Self-Evaluation**

The institution meets the standard. The mission and strategic initiatives are at the heart of campus planning. Program Review Needs Assessment prioritizes campus needs for faculty, staff, budget augmentation, equipment, technology and facilities. Program Review recommendations are followed as evidenced in committee minutes and campus presentations [[Program Review, Academic Senate, College Council Minutes and Opening Day presentation](#)]

### **Actionable Improvement Plan**

None

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

**Descriptive Summary**

The campus community in general as well as institutional planners receive regular updates and information regarding college financial health and planning. The President provides budget update and information at each semester opening day address, and at other opportunities throughout the year, including open college forums. The budget forecast, including budget assumptions are also presented at open meetings of the Board.

The District Budget Committee (DBC) reviews timely revenue forecasts and budget information each month, and uses this information to make realistic and meaningful budget recommendations to the Chancellor. While this occurs throughout the year, there is focused effort during the budget development cycle to establish budget assumptions and goals, including FTES targets for the year.

The SBVC budget committee is updated monthly by the vice president of administrative services and other members of the District Budget Committee. College Council is provided a monthly update of fund balance prior to hearing requests for funding and making recommendations of funding these requests from the fund balance. These committees have representation from all constituent groups, and the budget/financial information are disseminated further by these individuals.

The budget as well as monthly expenditure reports are presented at open meetings of the Board, and posted on the SBCCD website.

The budget development worksheets are sent to the departments and divisions along with a budget memo that includes instructions and parameters that have been set by the DBC, the Chancellors Office, as well as the SBVC Budget Committee and Vice President of Administrative Services (VPAS). These instructions and parameters take into consideration realistic financial resource information combined with district and college goals for the year.

In 2009 the Chancellor's Cabinet approved the "Summary of Budget Allocation Model 2008-09," which clarified the methods used for 2008-09 allocations to District operations and the colleges. This document represented the first written description of such allocations ever done in the District. It thus represented a major advance in transparency and communication for the District and its Colleges. The cabinet made the decision to develop a model based on best practices that would meet current and future needs.

To address the issue, the District convened a Resource Allocation Committee (RAC). Beginning in October 2009, RAC members examined the characteristics of the existing allocation model in detail, considered best practices in the field and eight budget models from other multi-campus districts, formulated guiding principles for the SBCCD model, and sought input from colleagues at the campuses.

Following rounds of review and feedback from the RAC and District community, the chancellor presented the revised model to the RAC on May 17, 2010. After making further revisions based upon feedback from the RAC and responses from the District community survey, the RAC then

approved the model unanimously, as amended. The chancellor shared the adopted model with all District employees in June 2010.

The approved model has been used in determining allocations to the colleges for fiscal years 2010-11, 2011-12, 2012-13, and 2013-14. The model has been used each year to communicate budget scenarios (based upon the statewide budget condition) to the college. It was also incorporated into the District Strategic Plan. In accord with the guiding principles, it has been reviewed annually by the District Budget Committee representing all district constituents.

In 2014, the District engaged a third party, the College Brain Trust (CBT), to do a review of the internal resource allocation model established in 2010. The purpose was to determine if there were inherent weaknesses in the model that had an adverse impact and if there were ways the model could be made better. Further, the scope of the engagement included a review of how the resources were being utilized at the colleges and to see if CBT might have recommendations to improve upon that.

To that end the following questions were to be addressed:

- Is the allocation model reasonable or is there a disadvantage to one or the other college?
- Can the allocation model be adjusted to be fairer and what are the implications of doing so?
- Is the model causing the deficit spending?
- Are the colleges inefficient in spending?
- What operational changes might the colleges make to ensure a balanced budget?

The study [\[Evidence\]](#) resulted in a number of recommendations to the district and both colleges which are documented along with responses from Chancellor's Cabinet and the District Budget Committee.

Recommendations significant to SBVC include:

- Look at combining some resources/services between both colleges.
- Pay down OPEB vs. making annual payments to this liability.
- Potentially allow greater growth at Crafton Hills College without harming SBVC.
- Develop multi-year budgeting.
- Improve the Position Control System for accuracy, currency, and strong ties to the financial control system.
- Reduce or eliminate assessments for KVCR TV-Radio.
- More transparency and accountability for assessments.
- Improve the efficiency at SBVC.

This information was presented in an open meeting of the board, at various campus committee meetings, and made available on the district website.

### **Self-Evaluation**

The institution meets the standard. Institutional planning does reflect a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements. The district and college endeavor to insure this, as evidenced by the development of a RAM in 2010, and revisiting this in 2014 with the CBT study, and wide-involvement of district and campus committees. The DBC minutes and recommendations to chancellor's cabinet indicate the intent to employ most recommendations.

## Actionable Improvement Plan

Implement the recommendations of the DBC to chancellor's cabinet.

***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, plans, and allocates resources for payment of liabilities and future obligations.***

### Descriptive Summary

The institution considers long range plans, including revenue, growth, expenditure, and fund balance forecasts when making short term financial plans to insure the fiscal stability of the college.

The College Council considers the budget forecast when making decisions to fund one time needs and ongoing commitments. For example, the budget committee reviewed the budget forecast and "what-if" scenarios prior to making a recommendation to spend \$1M from the general fund balance for the FY 2014 one time needs requests of program review, and to not recommend any ongoing commitments for the upcoming fiscal year. Likewise, the College Council was apprised of short and long term financial information prior to approving and recommending the expenditure to the president.

Each year the district adopts a budget which includes a list of outstanding obligations. Funds are set aside to cover the district's long-term liabilities and obligations, including debt service payments, insurance, and health benefits for both current staff and retirees. All liabilities and future obligations are reviewed by the external auditor for compliance with governmental accounting standards. When purchases or contracts are issued, they create the immediate liability. The purchase order or contract cannot be issued or encumbered unless cash funds are available to cover the liability. The fund is encumbered for the contract amount. When the purchase is complete, the payment is released.

The District maintains a healthy fund balance to help provide a safety net for future obligations. This fund balance is well in excess of the 5% minimum for the last eight years. These reserves have been established to help the college weather shortfalls in state funding. This has allowed stabilization of educational programs and services. The Facilities Master Plan was developed in 2008 and updated in 2012 to guide the allocation and timing of capital resources.

According to the College Brain Trust report on page 14, "*The district has a very solid reserve position, limited and manageable long term debt and a board of trustees committed to maintaining a stable operation as evidenced by the board action of March 2013 when the board directives for the 2013-14 budget were approved. This circumstance provides a wider range of options as the district considers how best to manage the operating results of the colleges, evaluate and underwrite any changes to the allocation model it deems necessary*".

Beginning in the developmental budget for FY 2104-15, at the recommendation of the CBT, the college began multi-year forecasting. The district budget committee, Chancellor's Cabinet, and college Budget Committee considered long term priorities when developing recommendations regarding long term retirement liability, subsidy to KVCR radio and television, and setting FTES targets with the long range goal of increasing our state funded FTES.



Long range maintenance and SMSR plans to the state are updated annually, and will incorporate improved financial planning through a new long range planning tool being developed this year with the Facilities Office at SBCCD.

### **Self-Evaluation**

The institution meets the standard. The institution does consider long range financial priorities when establishing short term financial plans to insure both district and college financial stability. The college administration, in collaboration with SBCCD Fiscal Services and the chancellor, runs numerous “what if” scenarios by changing key variables that show how current budget decisions will play out in the long term relative to financial stability, fund balance, and ability to achieve institutional goals.

In developing the 2014-15 budget plan, recommendations of the CBT and DBC were also considered and included in the planning, as these recommendations have considerable long term ramifications on the institution and the district as a whole.

Long range planning for facilities has primarily been accomplished through the Facilities Master Plan as required by the bond measures P and M. Most buildings have been on line for some time now, and the remaining will enter service by the end of 2016. Accordingly, cost-loaded long range maintenance and repair/replacement plans will need more attention, sophistication, and granularity in detail. This must be incorporated into the college financial plan, as these costs can be significant.

Educational and operational equipment replacement has been absent from long term planning. It has been dealt with on a case by case basis in recent years of budget decline. The campus is beginning to see the result, and while significant replacement was funded in 2013-14 through processes described above, replacement must be included in long range financial planning, even if it must be deferred in the year of replacement.

### **Actionable Improvement Plan**

- Develop the long range SMSR planning tool, and include in the long range financial plans for the college.
- Include long range financial planning for furniture and equipment replacement. Obtain complete inventory, and use a cost loaded tool with inflation and other factors.

***III.D.1.d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.***

### **Descriptive Summary**

College Council approved a planning model in spring 2008. The model is based on past practice and uses the mission statement as the foundation for the model followed by the strategic plan. The SBVC Planning Model traces decision-making from the strategic plan to both needs assessment and program efficacy in program review. The planning model was updated in 2013-14. A flow chart is used for planning purposes to illustrate how requests are funneled from program review to College Council for review and potential funding. The Budget Committee reviews the college fund balance, budget, as well as revenue and expenditure forecasts, and makes recommendations for fund source and amounts. With available funds identified by the

Budget Committee, one time and ongoing funding for faculty, staffing, budget augmentation and equipment are reviewed in College Council, and funding recommendations are forwarded to the president for approval.

Each spring the college follows a prescribed procedure for budget development. Budget worksheets are provided to each responsibility manager to allocate rollover funds based on area discussions and collaboration to address program needs. Once a budget is developed, budget recording occurs in two areas. First, it is recorded in the county system; and second, it is recorded in the Financial 2000 system which can be accessed by designated staff. Board policy and administrative procedures as well as the San Bernardino County Office of Education provide clear guidelines for processing of contracts, purchase requisitions, vendors and so forth.

The state financial-planning guidelines, processes, and accounting are available on the chancellor's website. The institution follows the CCCCCO Budget Accounting Manual (BAM) procedures for all transactions and recordings.

The college and district follow established board policy and administrative procedures on financial planning, budget development, and financial management. These procedures (6000 series) are published and available on the district website.

The processes are also made known and published in the annual Budget book, including the budget calendar, budget process, budget assumptions, and influencing factors such as revenue projections, inflation, regulatory and economic. This information is presented in open meetings of the Board, and is also available on the SBCCD website. Other processes are developed within SBVC committees, published and disseminated through college forums, presentations, and via committee members reporting to their constituencies.

Mechanisms to participate include open meetings of the SBCCD Board, District Budget Committee, SBVC Budget Committee, College Council, Program Review, Classified Senate, Academic Senate, open college forums, President's Hour, and the many other open and participatory committees on the SBVC campus.

### **Self-Evaluation**

The institution meets the standard. The 2013-14 budget year began an increased effort to communicate budget information and improve budgetary shared decision making. A budget committee was re-established after several years in hiatus.

In January 2013 College Council agreed that the SBVC Budget Committee should be re-established as a Collegial Consultation committee reporting to College Council. Several years earlier the committee was abandoned and the basic functions were ostensibly consolidated into the College Council. While some budgetary decisions were made in this body, this model was not optimum in terms of transparent financial planning and budgeting, opportunities for a broader group to participate in the financial planning of the college, and communication/dissemination of information.

The Budget Committee was approved by College Council on February 27, 2013 and is operating according to its charge. The committee is moving through the District Assembly process for inclusion in the Board policy administrative procedure.

Encouragement and new emphasis is being placed on members to "share" the information gained in these meetings with their constituencies, and to solicit feedback.

### **Actionable Improvement Plan**

Create a standing agenda item for Budget Committee members to report on communications and feed-back regarding budget and financial planning issues with their constituency at College Council, Academic Senate, and opportunities for the committee to fulfill its goal of transparency, promoting budget awareness, and training.

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

SBVC has developed policies and procedures to ensure financial integrity. Financial 2000 software ensures that all budget expenditures and transfers adhere to proper procedures, approval processes and do not exceed fiscal resources.

Budget development and transparency is ensured by the Campus Budget Committee and the District Budget Committee. The Chancellor and President report on the budget to the campus during opening day assemblies. The presentation will include information on the District Resource Allocation model, district expenditures, campus budget and expenditures, and any large new expenditures. Additionally, the President will show how many items from Program Review Needs Assessment Prioritization Lists the campus was able to fund [Evidence: Opening Day PPTs]

The campus and district undergoes an annual outside audit to ensure financial integrity. There were no audit exceptions reported in 2012 or 2013.

#### ***III.D.2.a. Financial documents, including the budget and independent audit, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.***

### **Descriptive Summary**

The district has several measures in place to maintain the financial integrity of the campus. Both county and district software systems are in place to prevent the over expenditure and encumbrance above the approved budget in the account series. Monthly negative balance reports are distributed to departments, programs, and divisions to help correct over expenditures within line-item budgets. Financial 2000 does not allow a purchase requisition be converted into a purchase order without the proper fund balance available to fund the request.

All changes to the budget, as in transfers between accounts, and budget adjustments follow a designated approval process that ultimately includes review and recording by the CBO, and final approval by Fiscal Services and the board. These changes are all open for review and scrutiny at the board meeting, and are available on the district website.

The software (Financial 2000) also requires that requests for expenditures must go through several approval layers before being processed, which results in payments to the service provider. Periodic audits occur by the district and the county to make sure the proposed expenditure conforms to governmental accounting standards for both the accounting object and program funding source.

The district also provides the campus with timelines for fiscal operations, including when funds become available, when accounts must be spent, and what date is the last on which to incur expenses for the fiscal year to allow for an orderly close-out of accounts.

Funds are allocated as shown in the budget. Budget reductions in recent years have made it difficult to realistically achieve the institution's goals. The budget assumptions and narrative in the published budget book describe these difficulties, the sacrifice, and the logic behind decisions for budget cuts.

The institutional budget is an accurate reflection of institutional spending. The SBVC budgeting process has changed in 2013 with an effort to become more transparent, and interactive, with regular reporting to constituencies. The revised Budget Committee charge states that "Throughout the year, the Budget Committee articulates and clarifies the budget development and management process for the campus community, including training, promoting budget awareness, and maintaining the transparency of budget decisions. " and will ensure that the campus will be aware of budget processes [\[Evidence: AP 2225\]](#).

The district contracts for annual independent audits. The district has an internal auditor who reviews any transactions for irregularities and provides his findings and recommendations for corrective action.

The district annual independent audits reflect the appropriate allocation and use of financial resources in compliance with established governmental rules, regulations, policies, and established accounting practices. Findings are provided to the campus and appropriate action is taken to correct the finding immediately. Measures are implemented to insure proper conformance to rules, regulations, policies, and approved governmental practices.

The audit findings are reported at the public meeting of the Board. While these findings are posted on the SBCCD website, beginning in 2013-14, the audit findings are reported to the Budget Committee and College Council for posting and dissemination to constituencies.

### **Self-Evaluation**

The institution meets the standard. Budgeting and monitoring expenditures is a shared process with the district. Expenditures are prioritized to ensure that they go directly to instruction, support programs and services for students.

The internal control processes are highly scrutinized at multiple levels within the control structure of the college and district Fiscal Services, including ongoing oversight by the district internal auditor to insure regulatory compliance and best practices. Any discrepancy or issues that get through the campus control and CBO, are brought to the college's attention and resolved in collaboration with Fiscal Services and the internal auditor. An external auditor reviews internal controls, management practices, and financial documents annually and reports to the board. The district responds in a timely manner to any audit exceptions or recommendations.

The college has a computer network drive dedicated to "campus forms and information [\[Evidence Link\]](#) and it is updated regularly by the college administrative assistants and secretaries. This drive is a consolidation of internal process and procedures including financial.

### **Actionable Improvement Plan**

None

***III.D.2.b. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.***

**Descriptive Summary**

An external audit is conducted annually and reported to the Board at an open meeting. The audit findings are posted on the SBCCD website, are communicated at the District Budget Committee and beginning in 2013-14 are communicated to the SBVC Budget Committee.

The external audit is conducted in the fall of each year, and submitted to the state Chancellor's office by December 31. The last audit findings were in FY 2011. Management responded immediately to the findings with corrections, and implemented the correction plan prior to preparation of the final audit report. The district had no audit findings in FY 2012 or 2013.

**Self-Evaluation**

The institution meets the standard. Pages 62 and 63 of the 2012 audit report contain a review of the findings from FY 2011 and report the status as "implemented".

In previous years, the audit report may have been completed just prior to submission to the state chancellor's office (CCCCO), following with a report to the SBCCD Board in January. Beginning this year, the SBCCD internal auditor and vice chancellor of fiscal services have advanced the audit completion requirement to October, with the report to the SBCCD Board in November, and subsequent submission to the CCCCCO.

**Actionable Improvement Plan**

None

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

**Descriptive Summary**

Budget and information about fiscal conditions is presented regularly at campus-wide presentations, open forums, and in numerous committees represented by the constituencies. If an individual chooses not to attend any of these meetings, committees or forums, much information is available on the district website including the annual budget, monthly expenditures, purchase orders, cash-flow, budget presentations, and audit reports.

The SBVC budget and funding process depends on this information.

The budget committee charge includes "*regular and timely dissemination of budget and financial information to the campus. Throughout the year, the Budget Committee articulates and clarifies the budget development and management process for the campus community, including training, promoting budget awareness, and maintaining the transparency of budget decisions.*"

**Self-Evaluation**

The institution meets the standard. The college is provided information about budget and the fiscal condition of both the college and district, and about recommendations for financial plans to be implemented. The information provided to the campus is sufficient in content and timing to develop and maintain a budget that will support institutional goals.

Campus-wide constituencies are informed of college budget and finance information multiple times each year through opening day presentations and open campus forums facilitated by the president, and through reports from representatives of the DBC, Budget Committee, College Council, Academic Senate, and Classified Senate.

The Institution meets the standard, and will continue to improve as the newly established Budget Committee continues to improve communications, budget awareness, and training to the campus throughout the year.

#### **Actionable Improvement Plan**

- Insure budget documents and presentations from committee meetings are included with the published minutes for on-line availability.
- As the Budget Committee becomes more educated and savvy on the budget and fiscal issues, more fully accomplish the charge of promoting budget awareness, transparency, and communication with the campus.

***III.D.2.d. All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.***

#### **Descriptive Summary**

There is an annual assessment to the college for debt repayment obligations. SBCCD and the college employ prudent debt management practices. In 2002 voters authorized the sale of General Obligation bonds totaling \$190M (Measure P), and in 2008 the voters again approved the sale of additional General Obligation bonds in the amount of \$500M for capital improvements to both colleges in the District. Attending to our debt service and management, in 2005 the District issued bonds to advance a refund of \$52M in outstanding 2002 bonds. The net proceeds were used to purchase US Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on 2002 series A and B bonds.

Series A, B, and C of the Measure M authorization have been sold in the amount of \$258M. The District does not plan to issue any additional debt in FY 2014 for construction, however the District is keeping a watchful eye on the assessment value of property within district boundaries to determine the appropriate timing for additional bond sales in future years.

In a continuing effort to maintain solid debt management practices, in December 2012 the District adopted a resolution to refinance all of the outstanding 2002 series C bonds, 2005 refunding bonds, and the 2008 series A bonds to reduce the total debt service on those bonds. The District receives no additional funds from the refinancing, and all of the benefits are given to the local taxpayers. The term of the bonds being refinanced will not be extended, thus the refinancing will not change the number of years the District's bonds will be outstanding. The Citizen's Oversight Committee, responsible for oversight of bond expenditures to insure compliance with bond language and prop 39 requirements, has reported annually to the Board and community that all expenditures are in compliance and funds are used appropriately.

The District has offered 3 supplemental retirement plans (SERP) since 2003. The plans all offered monetary incentives, and health insurance benefits ending when the individuals reach the age of 65. The debt for the monetary benefits of the first and second SERP has been retired, and the third will be retired in June of 2014. The medical benefits end as each individual reaches the age of 65, and will be retired in 2020. The District has assessed the colleges for these past liabilities, and continues to assess for our future OPEB liability per our Annual Required Contribution (ARC) in accordance with GASB statement 45.

Resources are allocated as per the SBCCD allocation model, which assesses the college for these liabilities prior to the allocation of resources to insure financial stability.

Student clubs have their expenses approved by club membership and by student leadership and campus staff to insure that expenditures are consistent with the mission and the goals of the institution. Expenditures support student access to the institution and success in completion of educational requirements.

Both internal and external audits of the CBO, which handles the financial transactions of clubs and organizations, are performed annually. Managers or advisors are notified by the supervisor of CBO each year as to the status and funds of each club.

Grants, such as Title V, furnish an annual performance review (APR) to the federal government to remain in compliance with the objectives of the grant. All grants received by the institution are managed by an assigned grant manager and reviewed by the SBVC Director of Grants, for fiscal and performance accountability. Grant and other special fund expenditure requests are also reviewed by SBCCD Fiscal Services prior to approval of the expense.

Most fundraising activities are conducted or processed through the SBVC Foundation. The activities are approved by its foundation Board working closely with the SBVC administration to ensure that activities are appropriate and in keeping with the missions of both the foundation and the college. The Board includes the president of the college the district Internal Auditor, and the Director of Fiscal Services.

#### **Self-Evaluation**

The institution meets the standard. Since the external audits must conform to governmental accounting standards, the audits demonstrate the financial integrity of the institution.

#### **Actionable Improvement Plan**

None

***III.D.2.e. The institution's internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.***

#### **Descriptive Summary**

The institution's internal control systems are audited annually by the district external auditor. No exceptions have been noted in two consecutive years. The audit findings are reported to the Board each year, and posted on the SBCCD website. Any findings are immediately met with an acceptable solution that is implemented and reviewed at the next audit.

Financial-management processes are reviewed after each audit to identify any areas where improvement can be implemented. The audits include financial statements, and discuss the financial management of the institution in the area being audited. The reports make recommendations about internal controls that could strengthen and improve the institution's financial processes and accountability. District offices also provide direction on improving the effectiveness of fiscal planning, implementation, and operation.

Additionally, the district offices and management of the college are members of various statewide committees and professional organizations, and attend meetings to obtain information about areas of operation that may need to be addressed at the institutional level.

The District implemented Financial 2000, a financial program that gives managers easier access to financial data. This was in response to the college's request for a financial-management tool that would provide a higher level of fiscal oversight.

In response to a need at the college for improved budgeting tools for planning, development, and management, the college in collaboration with SBCCD Fiscal Services is reviewing more advanced budgeting software for deployment and training prior to the FY 15-16 budget development cycle.

### **Self-Evaluation**

The institution meets the standard. The college and District have shown continued improvement in this area, and as indicated, are continuing to press forward for increased oversight and fiscal management capability.

### **Actionable Improvement Plan**

Work with Fiscal Services and Crafton Hills College to pursue, evaluate, procure, and implement more powerful budget, planning, and financial software that will minimize the use of paper, facilitate electronic review and approvals, and provide a higher level of control, accountability, and efficiency in fiscal operations.

### ***III.D.3. The institution has policies and procedures to insure sound financial practices and financial stability.***

#### **Descriptive Summary**

Fiscal policies and procedures to ensure sound practices can be located in the Board Policy and Administrative Procedures posted on the District website. The campus is in compliance with established and required audit procedures. There have been no audit exceptions in the past two consecutive fiscal years.

The District commissioned a budget report from the College Brain Trust [CBT] to review district funding models and financial stability. The CBT Report showed that the District has strong reserves in place for in the event fiscal emergency. CBT Report also shows that SBVC and the District meets all liabilities, human resource obligations and OPED.

The district and the institution are covered by the Statewide Association of Community Colleges (SWACC) which is a Joint Power Authority (JPA) a joint program for liability and property damage claims against public agencies. The third-party administrator for SWACC is Keenan and Associates.



The district manages all institutional investments and capital assets. Foundations are organized as nonprofit organizations (separate 501c3), and constitute entities separate from the institution, with foundation Boards. The SBVC Foundation conducts business in alignment with its established bylaws

The institution practices effective oversight of finances, financial, and categorical funding. The institution provides ongoing maintenance and reporting for grants and entitlement funding from external agencies, including federal government programs.

The campus has plans to create a multi-year funding model as recommended by the CBT Report.

***III.D.3.a. 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**

The institution has fiscal policies and procedures to insure sound financial practices and financial stability. Board Policies and Administrative Procedures 6200, Budget Preparation; 6250 Budget Management; 6300 Fiscal Management; 6320 Investments; 6330 Purchasing; 6340 Contracts; and 6400 Audits, are maintained and employed by SBCCD Fiscal Services, and tested for compliance annually by the outside auditor.

There have been no audit exceptions in the past 2 consecutive fiscal years [Evidence]. In FY 2013-14 the college and district are reviewing and modifying these procedures for improvement, update and consistency with governmental budgeting and accounting standards and CCCCO guidelines.

The institution has built a healthy fund balance in recent years, and has relied on this to minimize the negative impact of the state budget crisis and diminishing revenues to the college. Recent ending balances: FY10-11, \$5.06M; FY 11-12, \$3.7M; FY 12-13, \$2.6M.

The reserves indicated above were available for the fiscal emergency and resultant deficit spending of more than \$1M annually. This was sufficient when used in combination with prudent fiscal control on spending and growth during this period.

The SBVC fiscal reserve equals its fund balance. As the state community college system appears to begin a period of growth again, SBVC Budget Committee and College Council in accordance with SBVC procedure have released some of the fund balance for the one time purchase of emerging and urgent needs as well as program review priorities. The projected fund balance at the end of FY 2013-14 is \$5.48M.

In FY 2013-14, after a recommendation from the College Brain Trust, the district and colleges began a bi-weekly fiscal meeting to review and discuss fiscal issues, budget, policy and administrative procedures, and all topics relative to the fiscal health of the colleges and district. The meeting is attended by the Vice Chancellor Fiscal Services, Director of Fiscal Services, and both college presidents and CBO's. The meeting also provides the opportunity to establish/review long and short term goals, run "what-if" scenarios for multiple options and determine how to achieve these goals as a team.

The district and the institution are covered by the Statewide Association of Community Colleges (SWACC) which is a Joint Power Authority (JPA). It was formed for the purpose of providing the services and other items necessary and appropriate for the establishment, operation, and maintenance of a joint program for liability and property damage claims against public agencies. In addition, it also provides a forum for discussion, study, development, and implementation of recommendations of mutual interest with other joint programs. The third-party administrator for SWACC is Keenan and Associates. The Board of this co-op has determined that the amount of coverage for the district is sufficient to meet the needs of each college.

The large financial emergencies and unforeseen occurrences are addressed by the district reserve. The district has various risk management programs covering property and liability impacts, workers compensation programs, and so forth that provide coverage for any catastrophic event(s) impacting the college. The district has several processes in place to provide appropriate risk-management strategies, including mandated cash reserves, additional reserve balances, and spreading the risk by membership in SWACC. Membership costs for participating districts in the SWACC are determined on actuarial studies. Sufficient funds exist to cover significant incidents.

SWACC administers the SAFER program for excess property and liability insurance coverage. SAFER has numerous layers of excess protection for the district. The SBCCD deductible for liability is \$50,000, and \$5,000 for property. The current premium for this coverage is \$456,000 annually, and is assessed from the colleges prior to their allocation.

Risk management is also improved through the efforts of the newly created office of Environmental Health and Safety, which provides training, safety and emergency plans, and hazard management.

SBCCD depends on the state apportionment for funding their budgets. Delays (deferrals) in the distribution of funds has required the District to engage in annual short term borrowing from the county treasury in the form of an interest free tax revenue anticipation note (TRANS) or similar instrument. This has allowed the district to make payroll and other expenses at the end of the fiscal year, while waiting for deferred revenues. In FY 2013-14, the District will not need to borrow from the county treasury, and if state deferrals continue to reduce, this may not be necessary in the future. The board may approve inter-fund transfers/borrowing if cash-flow issues arise.

### **Self-Evaluation**

The institution meets the standard. Established policies and procedures, the district and college's effort to review and update these policies and procedures, and the outstanding audit findings are all testament to the institution's sound fiscal standing and stability.

The district and college have sufficient financial reserves and strategy to maintain financial stability, as has been proven in the recent 5 years of state budget decline. Healthy financial reserves have allowed the college to deficit spend during this period. While the SBVC fund balance is a resource that has been relied upon to some extent, it is the conservative and prudent risk management and cost control measures that have mitigated our reliance on the same. These measures include collaboration with the District via Chancellor's Cabinet regarding selective filling of vacant positions and using these savings to maintain as much access as

possible by minimizing cut sections, as well as holding where possible, supply and contract costs to previous budget amounts.

### **Actionable Improvement Plan**

- Complete the review and edit of all 6000 series board policy and administrative procedures to be current and relevant, and employ best practices or financial management.
- As an enhancement to college risk-management, continue to develop the newly established Office of Emergency Preparedness; update and implement these procedures, supplies, organization, campus-wide education, and drills.
- Continue the bi-weekly financial meetings with Fiscal Services.

### ***III.D.3.b. 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 manages all institutional investments and capital assets. Foundations are organized as nonprofit organizations (separate 501c3), and constitute entities separate from the institution, with foundation Boards. The SBVC Foundation conducts business in alignment with its established bylaws. Changes to these bylaws through the years are in keeping with the mission of the college and the organization. The SBVC [Foundation](#) is staffed by full-time director and administrative assistant. Officers of the [SBVC Foundation Board](#) include a president, vice president, secretary, and treasurer. The college president serves as the secretary and the SBCCD director of fiscal services serves as the treasurer. The treasurer provides direct financial support to the foundation working with the staff, auditors, and investment firms on all financial matters.

The district, Campus Business Office (CBO) and the appropriate department (Financial Aid, EOPS, and Cal WORKS) oversee and process payments on accounts. Because of the need for so many signatures through the approval path, an ongoing review of the request occurs through each level of approval. If spending is out of category or beyond the budget for the area, the process is interrupted and corrected.

External funding agencies (federal, state, county, local) require the institution to provide backup documentation for all payments. Federal regulations require that a certain number of students go through a verification process. An annual report, Fiscal Operations Report, and Application to Participate (FISAP) is provided to the federal government each September, which reports all the grants, loans, and work-study awards and payments. Financial Aid must also report, but it does so into a different system—the Common Origination and Disbursement system (COE) of the U.S. Department of Education (DOE). An audit is performed by the external auditors each July to insure compliance. Training is provided by the California Student Aid Commission and the DOE, along with conferences, workshops, and webinars to help staff keep apprised of program requirement.

Extended Opportunity Programs and Services (EOPS) gas cards, parking permits, book vouchers, and book loans. They also provide school supplies to help students. This is funded by categorical funds. Students in the program are required to: (a) have a Board of Governor's

(BOG) waiver (A/B), (b) be on full-time status, and (c) be a first-generation college student, and (d) be in good standing. A program plan is submitted to the state of how funds will be spent. The department submits midyear and year-end reports to the state. These cover all financial transactions in the program. The audits of this department are performed by the external auditor.

The college supports special programs and reports to their respective external agencies, for example:

- The Success through Achievement and Retention (STAR) program provides supplemental grant aid awards to students who receive Pell grants. Students provide documentation, which is reviewed by staff against Datatel records. The federal government requires an annual progress report. Audits are performed at the district level. When payments are made, the information is approved at the department level, and submitted to Financial Aid and to the district for further processing.
- Cal WORKS provides funding to people receiving welfare to help them obtain an education leading to self-sufficiency. This categorical funding is provided by the state. The student provides documentation of eligibility, verified by staff against the county welfare system. Cal WORKS provides book vouchers, child care, and transportation (bus pass and parking permits). The state chancellor's office performs an annual audit of the budget to insure conformance to the program plan and state guidelines. This audit is also reviewed by the district's internal and external auditors and staff. Students are audited for attendance, class load, job verification (and performance) in order to receive continued Cal WORKS services.

Annual audit reports are provided to the funding agencies. Electronic reports are also entered into the external funding agencies' electronic programs. These reports and data are audited both by the external agency as well as by external and internal auditors. The external agencies provide audit and compliance reports that insure the institutional compliance with program and accounting regulations. There were no material findings in the last audit report presented to the Board by the district's external auditor.

The district provides workshops on the procedures for purchasing and contracting. The individual grant manager's provide immediate management of the grants, the institution's director of Grant Development provides the next level of oversight, followed by SBCCD Fiscal Services.

### **Self-Evaluation**

The institution meets the standard. The institution practices effective oversight of finances. The annual external audit, and continued procurement and ongoing maintenance of grants and entitlement funding from external agencies, including federal government programs are testament to this.

### **Actionable Improvement Plan**

None

***III.D.3.c.The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations.***

**Descriptive Summary**

The College Brain Trust Report [Evidence] specifically addresses allocation of appropriate resources for the future and OPEB. The report shows that SBVC has a strong fund balance to meet obligations and does not have a history of deficit spending. The District also has a strong financial position and reserve balance.

The CBT Report makes recommendations to that the District fund campus OPEB obligations out of District reserves to alleviate undo financial burden on the campus and allow more money to for campus growth. The Board accepted this recommendation and is funding the OPEB for 2014/2015 fiscal year. The Board will be researching future funding of OPEB.

The CBT Report additionally recommends that SBVC create a multi-year planning forecast that includes all liabilities and obligations.

**Self-Evaluation**

The institution meets the standard. SBVC meets all liabilities, human resource obligations and OPEB.

**Actionable Improvement Plan**

Develop a multi-year budget model.

***III.D.3.d.The actual plan to determine Other Post-Employment Benefits is prepared as required by appropriate accounting standards.***

**Descriptive Summary**

The District has offered 3 supplemental retirement plans (SERP) since 2003. The plans all offered monetary incentives, and health insurance benefits ending when the individuals reach the age of 65. The debt for the monetary benefits of the first and second SERP has been retired, and the third will be retired in June of 2014. The medical benefits end as each individual reaches the age of 65.

The District has assessed the colleges for these past liabilities, and continues to assess for our past and future OPEB liability per our Annual Required Contribution (ARC) in accordance with GASB statement 45. The assessment is part of the Resource Allocation Model, and the annual amount is assessed prior to the college allocation.

**Self-Evaluation**

The institution meets the standard. The institution has both planning for and allocating sufficient resources to cover short and long term liability for OPEB and other employee related obligations.

**Actionable Improvement Plan**

None

***III.D.3.e. On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.***

**Descriptive Summary**

The institution annually assesses and allocates resources for the repayment of locally incurred debt. Debt is managed by the district. Locally incurred debt includes:

- TRAN short term borrowing from the county treasury for cash flow difficulty brought about by state payment deferrals.
- SERP Supplemental Employee Retirement Plans.
- OPEB Other Post-Employment Benefits (GASB 45 requirements)

The district borrowed from the county treasury in FY12-13 and paid the debt back the following fiscal year, when deferred payments from the state were received.

The District has offered 3 supplemental retirement plans (SERP) since 2003. The plans all offered monetary incentives, and health insurance benefits ending when the individuals reach the age of 65. The debt for the monetary benefits of the first and second SERP has been retired, and the third will be retired in June of 2014. The medical benefits end as each individual reaches the age of 65.

The District continues to assess for our past and future OPEB liability per the Annual Required Contribution (ARC) in accordance with GASB statement 45. The ARC is \$666,319, and the district deposit into the OPEB reserve/trust in FY12-13 was \$750,000. This represented 1.15% of the \$65,124,168 unrestricted expenditure and is not an adverse impact on the district or college financial stability.

**Self-Evaluation**

The institution meets the standard. There is no debt concerning the TRAN, and the SERP is well managed to soon eliminate the liability.

There is a recommendation moving forward for the district, in FY 2013-14, to deposit \$7,482,000 into the OPEB trust account, bringing SBCCD current for past OPEB liabilities. The SBVC portion equates to \$5,177,613 and will be drawn from the college fund balance. While this will reduce the fund balance, it will pay down the liability and more accurately reflect the college financial condition: stable without an inflated balance.

The district has performed outstandingly in managing all locally incurred debt and meets this goal.

**Actionable Improvement Plan**

None

***III.D.3.f. Institutions monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with federal requirements.***

**Descriptive Summary**

The college participates in state and federal financial aid programs, and monitors student loan default rates. The college participates in the state Cal Grant and Board of Governor’s Waiver (BOG waiver), in addition to federal grant programs including the Pell grant, Federal Work-Study program, and the Supplemental Educational Opportunity Grant (SEOG).

The college participates in private Sallie Mae student loans by providing information to the prospective lenders regarding the student’s attendance and course load, and “total cost of attendance”, certifying the maximum loan amount for the student. The college does not monitor the default rate of these loans, as they are private and the applicants must have a credit check and/or co-signor for the loan. The funds however, are dispersed to the students through the institutional financial aid office and CBO for security and accountability.

The college administered the now sunseted Federal FFEL program. The district had a combined default rate of 24.77 % in 2010, and 21.3% in 2009. SBVC default rate for this program was 24% for the last cohort year 2009-10, just below the federal guideline of 25%.

The college currently administers the federal Perkins loan program. While the college financial aid office processes the applications, the program is administered by Fiscal Services and managed by Affiliated Computer Services Inc.(ACS), a contracted loan servicing company. ACS services the loans, monitors defaults, and sends defaults to collections and to the state Chancellor’s Office Tax Offset Program, which garnishes state tax returns, for potential collection.

Funds have not been added to the program in recent years, so the fund balance available for loans has been diminishing. Federal guidelines for maximum default in a 3 year aggregate is 50%. The SBVC default rate for this loan program:

2013	27.27%
2012	40.91%
2011	56.25%

**Self-Evaluation**

The institution meets the standard. The loan program is being administered pursuant to federal requirements, and the default rates are being monitored and individual cases reported for potential capture of some of the lost funds. The current balance available in this diminishing fund is approximately \$19,000. The defaults have no effect on the stability of college finances.

**Actionable Improvement Plan**

None

***III.D.3.g. 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 the institution.***

**Descriptive Summary**

The college has agreements that are processed through the district Fiscal Services Business Office and submitted to the Board for approval. These agreements allow the institution to provide services to students, and help with the institutional mission and goals. Board Policy and Administrative Procedure 6340 govern this process.

Each manager who initiates a contract is responsible for the oversight and performance of the contract. Termination clauses in the agreements can be invoked when a contract is not meeting the scope and standards of the agreement. The office of the Vice Chancellor of Fiscal Services provides oversight in the contracting process with the campus. Guidelines and timelines are established and distributed yearly to the college.

Architectural, program-management, and construction-management contracts/services are contracted by the district, and managed by the district Facilities and Planning Department in coordination with the college. These services provide institutional support with ongoing maintenance, new-construction, and reconstruction projects. These projects are outlined in the Facilities Master Plan and the 5-year Scheduled Maintenance Plan. Any material changes in the plan, such as projects added to the Measure M bond project list, are in collaboration with the college. The Measure M Program Management Procedures, developed in collaboration with the college and updated in 2013, govern internal controls for contracting, invoicing, payments, contract changes/amendments etc. All internal contracting procedures are governed by and fit within the legal parameters of the California Public Contract Code. Bond related contract issues are resolved in coordination and consult with SBCCD bond and/or construction attorneys.

The college uses vendors to provide outside services by contract, such as maintenance agreements with companies that help maintain the plant operations of the institution, including service of boilers, alarms, elevator, fire extinguishers; rodent/pest control; tree trimming, water treatment of water towers; supply of parts; parking lot cleaning; and water purification for science labs. There are also contracts for services that enhance campus operations and/or classroom environments: security (e.g., Brinks Security), maintenance of copy machines and mailing machines, and hazardous waste removal.

In the Athletics Department there are numerous annual contracts which include transportation, game management, and equipment repairs. The college also contracts with local K-12 institutions which provide services to high school students that are dual-enrolled in both their high school and the institution. There is also an agreement with the San Bernardino County Sheriff's Department, allowing student in the academy classes to receive credits and certification of program completion.

**Self-Evaluation**

The institution meets the standard. There are numerous (non-public works) contracts, both annual and one-time, to support the college educational programs and operations. These contracts total over \$500,000 of the unrestricted general fund in FY 2014-15, and are all effectively governed by California Public Contract Code, and Board Policy and Administrative Procedure 6340. SBCCD Business Services provides oversight to all college and district



contracts to insure legal compliance. The president's Cabinet review all contracts to insure and maintain the integrity of the institution.

#### **Actionable Improvement Plan**

None

***III.D.3.h. The institution regularly evaluates its financial management practices and the results of the evaluation are used to improve internal control structures.***

#### **Descriptive Summary**

The institution has an external auditor contracted by SBCCD Fiscal Services. Audits are conducted annually. The institution has no audit exceptions since FY 2011.

The district immediately resolved and implemented new procedures from those audit exceptions, as indicated in the following year's audit report below:

#### **Self-Evaluation**

The institution meets the standard. The college's financial management practices are continually monitored by Fiscal Services and the internal auditor to maintain compliance. Internal processes are reviewed ongoing, and changes are made to resolve issues that arise. One example is a change in the budget transfer process FY 2013-14. The college developed a hybrid electronic form and procedure mid-year, collaborated with Fiscal Services and Crafton Hills College to insure consistency and approval district-wide, then implemented the change.

#### **Actionable Improvement Plan**

None

***III.D.4. Financial resource planning is integrated with institutional planning. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement of the institution.***

#### **Descriptive Summary**

The college integrates resource and institutional planning through a process that is illustrated on the SBVC Needs Funding Process document. It is accomplished through the committees; Program Review and Efficacy, Facilities and Safety, Technology, Budget, and College Council, with communications and interaction between these committees and other entities of the SBVC college community according to the Needs Assessment Process flow and the college communications chart.

SBVC establishes funding priorities among competing needs through program review, which is integrated into the Needs Assessment Process. Priority is given to Safety first, followed by items that would impart significant negative impact to the program or facility if not funded. Items for growth and improvement are discussed within the committees for merit, followed by a vote among the members for priority. Membership represents a cross section of the campus community constituencies. Decisions are attendant with the college mission and strategic planning goals.

A review of meeting minutes from the committees involved reveal how decisions are reached, priorities established, and funding is recommended and executed based on program review and the service needs of the college [\[Evidence\]](#).

In recent budget years, a significant portion of program and service needs have not been met due to severe constraints on expenditures in all areas. A review of faculty and classified priority hires, as well as equipment and non-bond funded capital improvement priorities reveals minimum expenditures in order for the college and district to weather the reduced revenues and increasing state deferrals.

Given the hiatus in spending, healthy fund balance, and the apparent growth the state is experiencing, in FY 2013-14 the SBVC Budget Committee and College Council are beginning to fill these past due requests. As of this writing approximately \$1.6M has been released toward one-time program review and/or urgent and emerging needs requests for funding. Future revenue growth is still uncertain, along with collective bargaining proceedings underway, so there is caution/constraint on the approval of ongoing financial commitments to the General Fund at this time. Priorities however, are identified and in place. The college continues the effort to fill vacancies.

**Self-Evaluation**

The institution meets the standard. While the state budget has limited the campus's ability to fully meet program and service needs, the institution has assessed and successfully implemented prudent and effective use of financial resources, and continues to do so.

**Actionable Improvement Plan**

None

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