
AUDIT AND BUDGET COMMITTEE AGENDA

**Coast Community College District
Audit and Budget Committee Special Meeting
Thursday, August 29, 2024 at 2:00 p.m.**

Board Office Conference Room

- 1. Call to Order**
- 2. Roll Call**
- 3. Opportunity for Public Comment**

Members of the public have the opportunity to address the Audit and Budget Committee on any item that has been described in this notice. Persons wishing to make comments will be recognized at this point in the meeting. Individuals will have up to five minutes per agenda item, and there is a 20-minutes total limit per item. These time limitations may be extended by the Committee.

It is the intention of the Coast Community College District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Coast Community College District will attempt to accommodate you in every reasonable manner. Please contact the Secretary of the Board to inform us of your particular needs so that appropriate accommodations may be made.

- 4. Approval of Minutes: Meeting of June 4, 2024 (Attachment #1)**
- 5. Internal Audit Quarterly Report (Attachment #2)**
- 6. External Audit Progress Report**
- 7. State Budget Update**
- 8. District Adopted Budget Discussion**
- 9. Future Agenda Items**
- 10. Next Meeting Date: November 12, 2024 at 2 pm**
- 11. Adjournment**

The Committee may take action on any item listed on this agenda. Under the Brown Act, the Public has the right to receive copies of any non-exempt public documents relating to an agenda item that are distributed to the committee members. Please contact the Office of the Board of Trustees prior to the meeting to facilitate the distribution of these documents.

AUDIT AND BUDGET COMMITTEE MINUTES

**Coast Community College District
Audit and Budget Committee
June 4, 2024
Board Office Conference Room**

1. Call to Order

The meeting was called to order at 2:03 p.m.

2. Roll Call

Trustees Present: Trustee Mary Hornbuckle
Trustee Jim Moreno

In Attendance

Whitney Yamamura, Chancellor
Marlene Drinkwine, Vice Chancellor of Finance and Administrative Services
Andreea Serban, Vice Chancellor of Educational Services and Technology
Rupa Saran, Chief Information Technology Officer
Daniela Thompson, Executive Director of Fiscal Services
Christine Nguyen, Vice President of Administrative Services, CCC
Rich Pagel, Vice President of Administrative Services, OCC
Rick Hicks, Acting Vice President of Administrative Services, GWC
Rachel Kubik, Director of Business Services, OCC
Stephanie Martinez, Director of Business Services, GWC
Rachel Snell, Director of Internal Audit
Araceli Alvarez, District Budget Director
Debbie Franklin, Accounting Analyst
Ricky Goetz, Board Secretary

Guests

Alicia Herrera, Eide Bailly
Ryan Milligan, Eide Bailly

3. Opportunity for Public Comment

There were no requests to address the Audit and Budget Committee.

4. Approval of Minutes: Meeting of February 13, 2024

On a motion by Trustee Moreno, seconded by Trustee Hornbuckle, the Committee voted to approve the minutes of the February 13, 2024 meeting.

Motion carried with the following vote:

Aye:	Trustees Hornbuckle and Moreno
No:	None
Abstain:	None
Absent:	None

5. Internal Audit Quarterly Report

District Director of Internal Audit Rachell Snell provided the Internal Audit update.

Projects completed included OCC Veteran's Resource Center: Objective 3 Environmental Health and Safety and Physical Security, Fixed Assets Self-Report Follow Up: Implementation Status of 5 outstanding recommendations remain incomplete for more than 10 years, and FY 2024-2025 Strategic Audit Plan.

Projects in progress included Districtwide Foundation Operations Review: Reporting, CCC Gift Cards—Student Services: Reporting, OCC Veteran's Resource Center: Intake Process and Grants/Budget/Funding, CCC EOPS: Planning, Facility Fee Waivers, External Audit Liaison: Ongoing, and Record Management—Internal Audit files Ongoing.

Continuing services included Retirement Board, Vice Chair and District Consultation Council BP/AP Subcommittee member.

A full report of Internal Audit projects would be presented to the Board of Trustees at the June 18, 2024 Board meeting.

6. Interim External Audit Progress Report

Ryan Milligan and Alicia Herrera of Eide Bailly provide an overview and status of the ongoing internal audit. Discussion topics included:

- Independent Auditor's Report and Opinion
- Report on Compliance and Internal Controls with Federal Guidelines
- Report on Compliance with State Guidelines
- Implementation of GASB 100 Accounting Standards
- Planning Communications
- Components of the Audit and Risks to Address

The interim audit visit took place on April 29, 2024. The goal was to review policies and procedures to verify adequate controls are in place to ensure the financial statements are free of material misstatement and to begin initial analysis and review of Federal and State programs. Upcoming fieldwork scheduled included student financial aid compliance in July and an audit of balance sheets for the District and auxiliary organizations in August and September. The draft audit report will be presented to the committee in October for acceptance to advance to the Board of Trustees in November.

7. District and State Budget Updates

Vice Chancellor Marlene Drinkwine provided an update on the State and District budgets. Discussion topics included:

- Governor's January Proposal of the 2024-25 Budget
- Proposal of the 2024-25 Budget Plan to Address the Deficit
- Impact of the May Revise Expansions and Reductions
- Multi-Year Projections Adjusted for the FSP
- Next Steps

Highlights of the January Proposal addressed declines in state revenues and a projected deficit of \$38 billion. Plans to address the anticipated deficit included spending from reserves, delayed funding, deferrals, borrowing from special funds, sweeping unused funds, reducing programs and use of stabilization funds. The May revise reported shortfalls of \$45 billion in FY25 and \$28.4 billion in FY26 with depletion of the Rainy-Day Fund. Significant reductions and expansions identified in the May revise would drive the framing of the tentative budget and continued implementation of the Fiscal Stability Plan.

8. Governance Planning Letters

Alicia Herrera of Eide Bailly provide background and details of the governance planning letters presented. Items identified in the letters were significant risks for District entities included in the audit. If any additional risk areas are identified during the audit, the findings will be brought forward.

9. Future Agenda Items

No new items.

10. Next Meeting Date

The next meeting was scheduled for Tuesday, November 12, 2024 at 2:00 p.m.

11. Adjournment

The meeting was adjourned at 3:00 p.m.

Richard Goetz
Secretary of the Board

Audit and Budget Committee Meeting: 08/29/24

Projects—Completed

- Districtwide Foundation Operations Review: Best Practices Review for Foundations (See attached)
- CCC EOPS: Assistance Project with recommendations for business process improvement related to review of student applications for additional aid.
- Facility Fee Waivers: Recommendations to management for improvements to BP 6700 Civic Center and Other Facility use. (See Attached)
- Records Management—Request for Destruction: Request to send to the Board at 2nd Board meeting in September. (See Attached)
- Internal Audit Website updates—aligned with language from the new audit standards, updated to allow language translation, and updated anonymous reporting form.

Other Projects—In Progress

- Changes to Audit Plan (See below)
- OCC Veteran's Resource Center: Intake Process and Grants/Budget/Funding
- External Audit Liaison: Ongoing
- Record Management—Internal Audit files Ongoing
- Anonymous Reporting/Hotline Updates: Implement recommendations related to Hotline Reporting.
- Follow up audit on selected recommendations issued by Internal Audit (HR Investigation from Sept 2015)
- Align audit work plan with new standards released by the Institute of Internal Auditors effective January 2025.
- Review Internal Audit Board Policies and Administrative Procedures, as well as department policies and procedures.
- OCC Swap Meet—Compliance Officers

Other Services

- Retirement Board, Vice Chair
- DCC—BP/AP Subcommittee (Advisory)
- Chair of CDMA Subcommittee Professional Development

<u>District-Wide Operations</u>	<u>Audit Requirements & Continuous Improvement</u>
Anonymous Reporting/Hotline Updates: Implement recommendations related to Hotline Reporting.	Follow up audit on selected recommendations issued by Internal Audit, including those that resulted from investigations. (HR Investigation from Sept 2015 & GWC Criminal Justice Training Center)
Carry Forward: Districtwide audit of Veteran's Resource Center: Intake Process and Grants/Budget/Funding	Evaluate changes to audit workpaper software.
	Internal Audit Record Management Project.
Audit of the District's on-boarding/off-boarding processes, including compliance with hiring related Board Policies and Administrative Procedures.	Align audit work plan with new standards released by the Institute of Internal Auditors effective January 2025.
Foundation Board of Directors Training: Roles and Responsibilities	Prepare Annual Strategic Work Plan 2025-2026.
<u>Other District-Wide Initiatives</u>	<u>Other Audit Initiatives</u>
Continue to participate in Boards, Committees, and working groups, including External Audit Liaison & Retirement Board.	Continue to participate in professional organizations.
	Continue to recruit staff and work study students for the department.
Districtwide outreach to stakeholder groups to provide information on Internal Audit services, roles, and responsibilities.	Review Internal Audit Board Policies and Administrative Procedures, as well as department policies and procedures.
<u>Campus Operations</u>	
Audit of select Swap Meet operations.	Carry Forward: CCC EOPS Investigation of selected operations. Assistance Project
Audit of selected operations GWC Esthetics	Carry Forward: Audit of facility use and fee waivers.

Districtwide Foundation Best Practices Review

Rachel A. Snell, MPA
Internal Audit Director
CIA, CFE, CRMA, CICA

July 2024

*Providing value-added services in an independent,
ethical, and collaborative environment*

Districtwide Foundation

Best Practices Review

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Chancellor Yamamura,

Internal Audit interviewed foundation management at selected California community colleges in order to identify 1) business models for the District's consideration; 2) opportunities for cost savings, efficiencies, or both; and 3) best practices that are not currently in place at the District's foundations. Internal Audit also reviewed criteria related to foundation operations and attended training in foundation best practices.

Internal Audit identified several best practices that are not consistently implemented across the District's four foundations. Regardless of the business model selected, if any, the foundations should implement best practices to improve performance and opportunity for success. In addition, each business model identified requires financial investment if the District's desire is to increase donor outreach and engagement and increase contributions. Lastly, some functions, with consolidation, could improve efficiency, but may not result in any significant cost savings or have management support. Overall, Internal Audit was unable to make recommendations that would both improve operational effectiveness and result in a cost savings. This is primarily due to:

- Limited to no collaboration or coordination between the District's foundations;
- Lack of qualified staff dedicated to fundraising, development, donor management and outreach, and/or alumni engagement;
- Limited to no strategic planning, formal needs assessments, aligned goals and objectives across all sites, or foundation accountability/performance measures.

Internal Audit made recommendations geared toward assisting the executive team make decisions regarding the District's Foundations. A summary of the results is located on page 14 of the report. If you have any questions, I can be contacted at (714) 438-4602 or rsnell1@ccd.edu.

Rachel Snell, MPA, Director
CIA, CFE, CRMA, CICA

Objective, Scope, and Methodology

Transition in leadership at GWC and the District, the long-term foundation director vacancy at CCC, and the District's pending fiscal crisis, created concerns regarding the ability of three of the four foundations to improve performance and increase tangible and non-tangible returns to the colleges. In a time of financial constraint, questions arose concerning their ability to experience growth or remain solvent without contributions, especially for the District foundation since it relies upon fees from the Enterprise Corporation. Therefore, at the request of the Chancellor and the college Presidents, Internal Audit initiated a best practice review at selected California community college foundations.

As per Board Policy, Internal Audit uses the International Professional Practices Framework (IPPF) to guide the performance of its activities. In accordance with IPPF Standard 1100 Independence and Objectivity, team members affirmed that they had no impairments to independence or objectivity.

Objectives:

The objectives were to identify:

- Business models implemented at California community colleges for the District's consideration;
- Opportunities for cost savings, efficiencies, or both; and
- Best practices that are not currently in place at one, some, or all four foundations.

Scope:

- Current operations for Fiscal Year 2022 to present.
- Internal Audit was unable to collect data for all the community colleges within the state, or from all colleges within a community college district. These limitations are noted throughout the report as applicable.

Methodology:

In order to perform our work, we performed the following tasks:

- Interviewed foundation management at selected California community colleges, members of the District's executive team, foundation directors, and fiscal staff;
- Reviewed relevant criteria, including Board Policies (BP)/Administrative Procedures (AP) 3050 Ethics and 3600 Auxiliary Organizations, foundation bylaws, and Master Agreements.

Team Members:

- Rachel Snell, Internal Audit Director, MPA (CIA, CFE, CRMA, CICA)
- Maira de la Torre, Internal Audit Specialist, BS (CPA, CIA, CFE)

Background

The Coast Community College District (CCCD) has a total of four foundations, and three of the four director positions are vacant. With the largest endowment, the Orange Coast College Foundation (OCCF) also has the most employees and highest student population. It is the only foundation with a Development Specialist, funded 25% by the foundation. It is also the only foundation with a Waterfront Campus that receives donations of and proceeds from boats (reflected in the revenue/expense data in Table 1). The foundation pays 100% for a Professional Expert (PE) to manage this activity. The Unrestricted General Fund supports all other salaries. OCCF bylaws state that its purpose is to promote and assist the programs at OCC in accordance with mission, policies, and priorities of the college, as administered by the President.

The Coastline Community College Foundation (CCCF) director retired in June 2023. The classified employee, paid from the Unrestricted General Fund, applied for, and accepted a promotional position in another CCC department. Another employee received an out-of-class assignment in order to provide the foundation some administrative support. The student body population is largely online, and there are three physical classroom sites. According to the CCCF bylaws, its purpose is to promote and assist the educational programs of CCC and apply the funds and properties coming to its possession to furthering educational programs carried on or approved by the administrative officers of the college.

The Golden West College Foundation (GWCF) director retired in June 2024. Out of two staff members, GWCF contributes 30% of the salary costs to one of its two classified positions, and the other employee promoted into another job on campus and vacated the position. In ten years, GWC had three Presidents, each changing the level of oversight and engagement in foundation activities. The GWCF contributes resources to various student related activities, including scholarships, and the current President actively engages in foundation operations. According to the bylaws, the purpose of the GWCF is to provide resources to support GWC in advancing educational opportunities and life-long learning for students.

The smallest foundation is the District Foundation (CCCDF) and does not actively fundraise. Initially created as a funding source for bond campaigns and to alleviate Unrelated Business Income Tax (UBIT) obligations, it receives management fees and a trademark use fee from the Enterprise Corporation. The director position is a shared role with public information and marketing, which was vacated in May 2024. One classified employee, funded 50% from foundation, provides administrative support. The colleges provide scholarships to students, whereas the CCCDF provides scholarships to faculty, meals for Board meetings, sponsorships of and memberships to professional organizations, and funding for District Office team building events. According to the bylaws, the CCCDF's purpose is to promote and assist educational programs, and to apply funds and properties coming into its possession to education programs.

Table 1 below summarizes general information about the CCCD foundations. Revenue and expenses reflect both restricted and unrestricted dollars. While the size of the respective Boards is relatively the same (with the exception of the CCCDF), CCCF and CCCDF do not include students or faculty on their Boards. They also use different systems for crowd sourcing and donor management. Since CCCDF does not actively engage in crowd sourcing or solicit donations, it does not have a system for this purpose. CCC and the District do not have athletic programs, so they do not use E-Teams.

Table 1: Summary of General Foundation Information

Summary	CCCDF	CCCF	GWCF	OCCF
Staffing	1 Non-Dedicated Director (vacant); 1 Admin Assistant	1 FT Director (vacant); 1 Admin Assistant (vacant)	1 FT Director 2 Admin Assistants (1 transferred)	1 FT Director; 1 Development Specialist; 3 Admin Assistants
Students Served (Fall 2022)	0	9,045	10,521	17,003
Salary Funding Source	Unrestricted General Fund; Enterprise Corporation (1 employee 50%)	Unrestricted General Fund	Unrestricted General Fund. Foundation.	Unrestricted General Fund. Foundation (1 employee 25%; 1 PE 100%)
Revenue/Expense FY 21-22	Revenue: \$148K Expenses: \$179K	Revenue: \$633K Expenses: \$955K	Revenue: \$968k Expenses: \$644k	Revenue: \$11m Expenses: \$8.7m
IT Resources	None	Raisers Edge and Academic Works.	Raisers Edge, NXT, Academic Works, ETeams	Donor Perfect; Academic Works: ETeams.
Board of Directors	Total: 10 5 Community; 5 District Administrators; 0 Faculty; 0 Student	Total: 21 16 Community; 5 College Administrators; 0 Faculty; 0 Student	Total: 18 10 Community; 5 College Administrators; 1 Faculty; 1 Classified; 1 Student	Total: 22** 16 Community; 4 College Administrators; 1 Faculty; 1 Student
FY21-22 Scholarship Awards to students	\$0 Award \$6,000 to faculty annually.	\$227,000 to 235 students	\$507,000 to 414 students	\$610,000 to 476 students
Endowment*/Contribution (%+/-) FY 21-22	Endowment: None Contributions: -4%	Endowment - .71% Contributions: .2%	Endowment: -10% Contributions: +20%	Endowment: -5% Contribution: +9%

*Decline in endowment occurred during COVID, representing the unrealized investment loss. **CCCF lost most of its Board during COVID. The Foundation Executive Board are the only remaining members.

Project Results

Facing financial crisis due to increased employment costs and demands on the General Fund, the objectives of this project was to determine whether a) there was a foundation business model that, if deployed, could improve foundation performance, and b) certain business processes that, if consolidated, could result in a cost savings or the ability to re-deploy resources to other areas. Whether the District maintains its current model, or selects a different model, the foundations may not achieve desired outcomes without implementing key best practices that are currently not in place. Internal Audit also identified two potential areas for streamlining related to the foundation IT systems and scholarship disbursements, but there was no consensus to consider these changes at this time.

Foundation Best Practices

Although not representative of ALL best practices, the results below represent key best practices that are either not in place, or not implemented consistently at the CCCD foundations, and they are considered the first layer of business for establishing a successful foundation.

Strategic Plan (See Attachment A)

One best practice is to create a strategic plan, over a three-to-five-year period, with annual adjustments as needed. Strategic Plans establish the mission, goals and objectives, and action plans for meeting desired outcomes, while assessing needs, current resources, and barriers to meeting goals. Collaboration is necessary to ensure a uniform, coordinated effort. For a multi-college district, the District's executive team sets priorities, goals, and objectives for the District. Each college takes this information, coordinates with its executive team, foundation directors and board members, and a) assesses needs, strengths, and barriers, and b) creates accountability/performance measures. The process includes stakeholders ranging from the Board of Trustees to faculty, staff, and students. Currently, CCCF is the only foundation that created a formal strategic plan, and the plan has many of the elements recommended by best practices. OCCF does not have a formal strategic plan but performs many of the recommended elements in practice.

The CCCD foundations do not always collaborate out of fear that the other college will "poach" donors or approach the same donors. Foundation directors cite barriers to collaborating as "too busy" or "no staff." Since the CCCDF does not fundraise or have donors, the colleges believe it does not add value to the institution. The general consensus from the colleges is that the District Office does not have specific needs, and its foundation should provide support to the colleges. One external community college foundation director stated that the foundations should share donor lists, work together, and increase overall contributions in a united, joint effort. This same director also suggested foundations teaming together to find international sponsors for international students. These sentiments and concerns are why strategic plans are necessary for encouraging alignment of and participation in, the District's vision as a whole. Such collaboration could provide positive outcomes for the institution overall.

Roles and Responsibilities-Foundation Board Members

Foundations face challenges with board participation. It is not only difficult managing volunteers in general, but also recruiting, developing, and retaining board members who are willing/able to provide support through personal time, financial resources, and utilization of their own network. Sphere of influence, expertise, and dedication to advocacy are necessary factors for success. While a board member may work full time, there is still an expectation to help cultivate donors. External foundation leaders interviewed cited the importance of recruiting board members from various industry sectors, especially those related to college programs. Examples of contributions include providing internships/mentorships, providing grants or equipment for programs, and sponsoring and/or attending events and activities, just to name a few. They also cited the importance of not just explaining, but also showing, how pivotal and rewarding board membership can be, as they have a "front row seat" to changing lives and influencing positive outcomes for students. Foundations connect donors with opportunities where they can see their dollars work in real time, bringing donors a sense of joy and fulfillment.

Several foundations interviewed by Internal Audit reported the challenges noted above and require Board Members to a) sign a participation agreement, b) attend training/orientation on roles and responsibilities; c) complete Board assessments and succession planning; d) donate or fundraise a minimum amount (ranging from \$500 to \$5,000); and e) join membership “circles” with increasing price points. One foundation provides a board member “tool kit” at orientation that includes qualifications for service, roles and responsibilities, ongoing training, and invitations to special events and ceremonies. The ultimate goal is to have an engaged Board, who is trained, and empowered to lead and network within the community. OCCF has an orientation kit for board members but admits it could be more robust.

At CCCD, board participation is not consistent across the four foundations. The engaged board members have a passion for helping students and the colleges. Research indicates that affluent donors give because of the organization’s mission and the opportunity for their gift to make a transformative difference, not just supporting programs. The college foundations receive such contributions from time to time; however, lack of training on roles and responsibilities or the college’s programs hinders their ability to advocate for these contributions. The foundations do not always establish qualifications for Board service or obtain participation agreements. Board members are also not always expected to give money or fundraise, although it some contribute in many other, value adding, non-financial ways. Establishing financial and non-financial expectations assists foundations meet performance outcomes. As an example, at a recent CCCF annual retreat, board members cited all the challenges above as barriers to success and needing to establish expectations for board service. CCCF also requires board members to give \$1,000 each year they serve on the board. GWCF require board members to give or get \$2,500 each year.

Roles and Responsibilities-College Leadership, Management, Faculty, and Staff

Best practices suggest that the Board of Trustees and all District employees share responsibility in fundraising, development, and creating a philanthropic culture. Of the foundations interviewed by Internal Audit, many stated that the Director is responsible for developing a philanthropic culture among the college community. One stated that some faculty created “caucuses” that raise additional funds for underrepresented students. Other foundations reported that their Trustees, Chancellors, and Presidents meet with donors to help “close deals,” and partnering with the Public Information Officer/Marketing to post events on social media platforms. Although CCCD’s college community is not always trained in philanthropy or comfortable soliciting donations, employees want to serve students. Some academic/classified senates at all three colleges engage in fundraising, but it is not always consistent or coordinated with the foundation.

The District foundation does not have a history of a philanthropic culture since there are no students or active fundraising. The CCCDF Director also oversees Marketing and Public Information, making it difficult to implement a philanthropic culture when challenged by workload constraints from the other two job duties. Some foundations interviewed by Internal Audit stated that there is a potential conflict of interest when a Public Information Officer engages in fundraising. One Foundation and Marketing Director interviewed from a single college district stated that despite the fundraising “synergy” created from knowing the college and programs, it is difficult to a) balance time between the two positions; and b) build relationships/ask for money with “foundation hat” when sometimes says no with “marketing hat.”

Foundation Fundraising and Development

Colleges and districts should see staffing as an investment, not a cost. Staffing limitations impede a foundation's ability to grow and sustain growth. Foundations need to hire skilled, qualified personnel in key positions, with demonstrated success in fundraising and alumni engagement. Clarifying the role of the director and hiring an individual who knows how to cultivate donors is critical. The recommended minimum number of staff is three, but the most successful foundations have 6 to 14 employees. OCCF has five employees and is the most successful of the four foundations. The other foundations do not have dedicated personnel in key positions such as Director, Development Officer, Donor/Alumni Outreach, or senior administrative support. The CCCDF and CCCF do not have a full-time director but have one classified employee. GWCF has one director who retired in June 2024 and one classified employee.

Best practices also recommend consistent outreach/communication plans, student success stories, and current content on all social media platforms. Many external foundations reviewed have robust websites with current content and detailed information about the colleges, programs, students, and ways to give. For some, the website is on the college's main page. All CCCD foundations have websites, but not as "fresh" or robust as some of those identified in this review. (See Attachment B). The OCCF hires hourly personnel to maintain its website, and it is the most robust. It is somewhat easy to find and contains most of the content recommended. GWCF's webpage content is outdated, lacks student success stories, and there is no description for the link to donate to the "general fund" as to what this fund supports. CCC has a "general fund" giving option, explaining that it applies donations to the greatest area of need. The CCCF webpage is harder to find than the other colleges, and it does not feature student success stories. CCCDF's website is undergoing transition, but in general, it does not contain most of the information recommended by best practices. GWCF, CCCF, and the CCCDF do not have dedicated employees for social media management, but the marketing departments could provide that support.

Best practices recommend creating multiple avenues for giving, including a) One-time, monthly, quarterly, and annual giving, with online, in person, and phone options via credit card or e-check; b) Planned Giving; and c) Payroll deductions. Many foundations interviewed emphasized the importance of maximizing the ways to give and cultivating new donors to raise more dollars and fill college budget gaps if donors turn elsewhere for their giving or pass away. They also emphasized the need for Development Officers to take fundraising to the next level, since Executive Directors are often too busy and administrative support do not always have the required skillset. This includes creating a college and District identity in the community and maximizing IT resources for identifying, tracking, and outreaching to this community. OCC and GWC have strong, local identities, due in part, to their physical community presence for multiple decades. CCC has a strong identity among the online community and started developing a local identity extending across four cities. OCCF credits success to the college's entrepreneurial spirit to embrace change, support growth, and optimize its pursuit of resources for programs and activities. It offers free annual membership for Alumni and Friends and has the OCC "Friends of the Library" to raise funds for the library. GWC "Patrons" is a group of former employees and alumni who pay a \$50 membership fee, receive a parking pass valued at \$100, and coordinate events that benefit scholarships. The CCCF director retired one year ago, limiting fundraising and outreach, and hindering its ability to engage the college community.

Foundations interviewed identified insufficient technology for donor management and alumni identification/engagement as another challenge. The CCCD foundations do not always fully utilize their IT systems citing limited staffing and lack of access to donor and alumni data. The college foundations use different software for tracking donors, crowd sourcing, and other foundation activities. OCCF is reviewing its current IT systems in order to improve endowment management, which will simplify the manner in which the foundation manages trust accounts. Internal Audit attempted to review these software systems in terms of cost/benefit, more/less user friendly, more/less powerful for foundation operations, or an overall better value. It is possible that transition to the same system districtwide could result in a cost savings; conversely, it is possible that such transition could increase costs, but provide better benefits and value. With all sites on the same systems, some administrative functions could be streamlined and create workload efficiencies. However, the colleges did not express interest in possibly consolidating to one system at this time due to director level vacancies.

Operational Models for Foundations

Internal Audit spoke with foundation management at twelve California community college Districts. Nine represented colleges in a multi-college district, and three represented colleges in single-college districts. Five out of 12 identified as urban, two identified as suburban, four identified as rural, and one identified as other. District student population ranged from 7,500 to over 200,000. Out of the nine multi-college districts, five have a District foundation in addition to college foundations. One multi-college district has one District foundation and no college foundations. Two of the foundations reported that they handle contributions that do not go to the college. One foundation stated that it manages all of the administrative support for the college foundations, and another stated that it manages corporate giving. Research indicates that approximately 5% of giving comes from corporations, and 95% of giving comes from individuals and private foundations.

The number of foundation employees ranged from one to 12. Executive directors either reported to the college President, the District's Chancellor, or both. Of the 12 community college districts, 10 have a strategic plan and use the same combination of IT packages as the CCCD foundations. Board member composition ranged from 15 to 39, and most have strict participation and fundraising requirements. The dollar amounts the foundations give to the colleges vary, but a majority not only give support for programs and scholarships, but also pay a percentage of their own staff salaries. Types of fundraising activities vary as well. Some focus on giving days, events, and planned giving campaigns. Others have Board Member open houses for networking with donors, scholarship fundraisers, and corporate partnerships.

For comparison purposes, Internal Audit summarized some of the data gathered in Table 2 below (page 9), focusing on the multi-college districts. Included is information related to staffing, funding sources for foundation staff, and approximately dollar value of tangible and intangible returns to the college from the foundation. For dollar amounts, Internal Audit gathered information for Fiscal Year (FY) 2022-23. Foundation leaders provided "Pro/Con" comments to their respective models, representing their personal opinions and not the position of the institution. In order to provide some level of anonymity, Internal Audit did not reveal the names of individuals or institutions.

Table 2: Foundation Models and Staffing for the 9 Multi-College Districts

District #	Sample Foundation Operations Information
1 4 Colleges/ 1 Foundation (District)	1 ED at District, no college EDs; 1 AD; 1 EA; 1 Accountant (no dual/shared job duties). District funds 3 positions; Foundation funds AD. Reports to Chancellor. \$2m fundraising revenue. Foundation gives \$120K to each college annually and \$35k budgeted for faculty/staff “mini grants” of \$1K each. Pro: Managerial oversight for all foundation activities and reports to Chancellor. If ED at each site, report to college President and decreases ability to coordinate; Con: Cannot specialize in all 4 colleges or provide dedicated community outreach. Creates untapped donor markets.
2 2 Colleges/ 2 Foundations; 1 College responded.	1 FT ED (1.0 FTE); 1 PT Sr. Admin Assistant. Support staff 10-12% time to Academic Senate. District pays 51% of salaries/ benefits; 49% Foundation. \$500k raised annually with Net Assets around \$10M; \$300k returned to college in scholarships; Over \$100k UF for grants (foundation board decides how this is allocated). Pro: Each college is responsible for its own foundation. Con: None given.
3 3 Colleges/ 3 Foundations; 1 College responded.	1 of each: ED; Director of Philanthropy; Development DB Specialist; Development Manager; Programs & Development Specialist; Development & Events Specialist; Finance Manager. ED reports to President/Chancellor/Full Board. Foundation pays all salaries. Raised Approx \$750K - \$1M, gave \$2m in scholarships, tuition assistance, textbooks. *Marketplace (swap meet/farmers market) 15-20 PT employees not involved in campus operations, paid from \$1m in revenues. Pro: Reporting relationship with the Presidents allows for oversight of the foundations at some level, but main benefit is reporting directly to the Chancellor. Con: Coordinating between the foundations can be challenging.
4 4 Colleges/ 5 Foundations (District); 1 College responded.	1 of each: CAO; Director of Grants; Director of Philanthropy Services/Secretary; Donor Relations Specialist; Admin; 4 of each: Donor Relations Specialist (Alumni & Athletics/ Data & Financial Services); Regional Director Philanthropy; Note: Changed to centralized model because decentralized, District foundation more of a service provider, spending more time on admin tasks than fundraising. Confused corporations having several entities making requests. Pro: The CAO reports to the Chancellor and sits on cabinet. EDs have dual reporting to CAO and college President for local control but also District Coordination. More ability to hold respective foundations accountable. Con: Extra efforts to collaborate and a lot of staff supervision.
5 9 Colleges/ 10 Foundations (District); 1 College responded.	3 of 10 have no staff; District 4 employees (2 FTEs) and split time with Advancement Office; 1 ED/ Chief Advancement Officer. Pro: None given. Con: Not enough support or staff for all the colleges.
6 3 Colleges/ 3 Foundations; 2 Colleges responded	1 ED/Foundation Development Officer; 1 Director College Advancement (50/50 time with District); 1 Alumni Manager; 2 other employees (1 FT & PT); 2 Accounting Contractors. Pro: Independence. Each college can do its own thing. Con: Do not have a coordinated program because there is no district foundation or someone in that position. No voice of philanthropy at District

District #	Sample Foundation Operations Information
7 2 Colleges/ 3 Foundations (District); 1 College responded.	1 of each: ED who also does special projects; Sr Foundation Specialist: database & online giving, donor info, data entry; Foundation specialist - staffs BOD, manages scholarships; Director of Development; Sr Accounting Specialist reports to fiscal but 80%-time foundation. Pro: Smaller teams make it easier to manage. Con: Lengthy process to effect change.
8 2 Colleges/ 3 Foundations (District); 1 College responded.	1 of each: ED; Secretary; Development Coordinator; Scholarship Coordinator; Program Specialist; Assistant Scholarship Coordinator; Accountant; Clerk; Director of Special Projects (New) so that ED can focus on major gifts. Pro: Functions well when fully staffed. Con: Some gifts may have requirements where they ask themselves if the college can manage it.
9 2 Colleges/ 3 Foundations (District) 2 Colleges responded.	2 EDs; 2 Admin; 1 Director Development; 1 Director Operations; 1 Special Projects Coordinator; 1 Special Events Development Coordinator (Vacant); Accounting Contracted to third party. Pro: Better pay and benefits for being a college employee; Con: Red tape for making decisions and going through processes. Team is too small, need more to get more. *Note: One college would prefer to bring accounting in-house.

CAO= Chief Advancement Officer ED=Executive Director AD=Assistant Director EA=Executive Assistant
Admin=Administrative Assistant FT=Full Time PT=Part Time Sr=Senior M=Million K= Thousand
UF=Unrestricted Fund DB=Database

Internal Audit also asked foundation leaders to provide any advice, guidance, best practices, and/or considerations they thought CCCD should include in its decision-making related to foundation business models and operations. Comments provided reference challenges related to staffing and a District's/College's commitment to investing in staffing. They also include challenges of time management and coordination amongst college foundations, as well as time spent on administrative duties in lieu of fundraising responsibilities. The comments in Table 3 below, do NOT necessarily correspond to the District number noted above, and only represent the opinions of the person interviewed, not the institution.

Table 3: Additional Feedback for Consideration—Operations

District #	Business Area	Comment
1, 2, 5 and 6	Professional Organizations	Join Network of California Community Colleges (NCCCF), access to colleagues and share best practices. Attend Council for Advancement and Support of Education (CASE) conferences for national networking. CASE implemented best practices about 4 years ago. Orange Coast Community Foundation offers administrative services, for a fee. See NCCF Survey.
3 and 4	Foundation Board	Board Members are also fundraisers and should be meeting with donors. Charge foundation membership fee.
4, 5, 6, 11	Foundation Staffing, Operations	<p>Ensure staffing. Development Officers fundraise, classified staff run office. Strategize who talks to prospects, avoid leaving money on the table, upsetting donors; No events. ED wears many hats, attends too many college meetings, no time for fundraising and development.</p> <p>#1 killer is undercapitalization. Commit to getting necessary resources. Hire knowledgeable fundraisers; Have a mission; create a plan; If you invest, you should get returns. Consider student success v. college success. Target alumni, establish college identity in community where people want to give.</p>
5 and 12	Foundation Contributions, Communication, Marketing	<p>Communicate the extent contributions tax deductible, difference between endowed funds v permanently restricted, and how to use them. Ensure foundations receive ALL gifts, take 10%. Communicate the impact of donor contributions/report. Understand the "why" of any changes or policies in place. Present in a way that is not threatening.</p> <p>Foundation work requires coordination with all college programs/departments; Public Affairs team helps promote foundation activities, not fundraise. Look for ways to share administrative functions to maximize staff dedicated to fundraising and development. People need to be looking for entrepreneurs. This is a hustle.</p>
7, 8, and 9	No Answer	No Answer
10	Foundation Fees, Operations, Staffing	Fees - Grow fees to sustain growth; Asset structure and develop infrastructure to build unrestricted monies for sustainability. Offer faculty/staff opportunity to join memberships, pay fees. Do not need to give away too many college perks in exchange for donors.
11	Financial Aid	Emergency assistance to students should be a shared responsibility with financial aid. Minimum scholarship amount is \$500. Decreases transaction count. Scholarships should be substantial to make an impact on student experience - \$1,000 minimum. Reduces staff work.

Other Observations

Bylaws

The stated purpose for each of the Foundations differs. For example, OCCF and CCCF purpose statements reference the President and/or college Administrators as having a role in directing college activities and that the foundation supports these activities. The purpose of the CCCDF is somewhat similar to the CCCF by using any funds and properties received in support of educational programs. None acknowledge the District's role in setting a districtwide vision for advancement and development. According to best practice, strategic plans not only identify District and college needs, but assist in coordinating efforts so that all sites optimize contributions and outreach efforts based upon their programmatic strengths.

Scholarships

For scholarships, each foundation office identifies the student, provides a list to the fiscal office, and the student receives the funding. At OCC, fiscal staff provide East West Bank with the student's information for an ACH payment. At GWC, fiscal staff provide Higher One the student's information for payment. Both of these methods provide money quicker to the student. At CCC, fiscal staff process checks manually because the quantity of checks processed is not burdensome to staff. Internal Audit attempted to determine whether a) administrative support for scholarships could be consolidated, and/or b) there was a cost savings and reduced workload if all three colleges implemented either ACH or Higher One for disbursements. There was no consensus from the colleges in pursuing this subject at this time.

The colleges disburse hundreds of thousands of dollars in scholarships annually, but they cannot track how much of a student's scholarship award paid for tuition, fees, textbooks, and other academic expenses. Foundations want to show donors how much of their money supports student success. Scholarship processing and disbursement is not performed in Financial Aid, and in most cases, the college a) gives the award directly to the student without confirming whether a balance is owed with the college; or b) applies other forms of aid prior to scholarship awards. Financial Aid is better equipped to apply scholarship awards first, when not in conflict with other financial aid requirements. While not guaranteed, if scholarship awards were applied to college fees first, it could result in increased tangible benefits to the college. However, employees reported that the foundations are unwilling to reassign or lose staff for scholarships, financial aid is unwilling to take on additional work, and Information Technology is unwilling to assist either party streamline disbursements. Of the foundations reviewed by Internal Audit, some processed scholarships through financial aid and some maintained scholarship staff who worked closely with financial aid. One respondent stated that a scholarship coordinator who is skilled at donor relations and familiar with financial aid rules is a "win-win."

Overall, Internal Audit was unable to determine whether a) there was cost savings or reduced workload associated with using either East West Bank, Higher One, or manual checks; or b) the benefit of disbursing money to students quicker was worth the cost to transition all colleges to electronic disbursements. Internal Audit was also unable to determine whether streamlining and consolidating the scholarship disbursement process resulted in a potential cost savings or reduced workload.

District Foundation/Enterprise Corporation

As for the CCCDF, internal stakeholders generally disagree with the foundation's monies supporting Board of Trustee meals and District Office team building events. The CCCDF purpose, according to the bylaws, is to use its funds toward educational programs, and feedback suggests that the CCCDF uses funds in a manner inconsistent with its bylaws. Internal stakeholders also raised concerns about Enterprise Corporation monies leaving the colleges to support a staff person at the District Office who does not provide administrative support to either college, suggesting these funds would be better used investing in college foundation staffing and operations. Specific to the Enterprise Corporation, OCC pays overtime to existing fiscal personnel to support the Swap Meet on the weekends. Proceeds from the Swap Meet cover the salary cost. GWC has dedicated Swap Meet employees, and the college does not pay overtime. Of the community colleges contacted during this review who have marketplace operations, all proceeds cover the cost of operations and stay at the college. Monies are not transferred to the District Office or its respective foundation if one exists.

GWC Patrons

As noted above, GWC has a group called the Patrons who actively engage in events and activities to raise money for scholarships. The group has its own officers and committee chairs, and it operates separate and apart from the GWCF, functioning potentially as an auxiliary organization which has not been formally established or recognized by the Board of Trustees as required by State Law and BP/AP 3600 Auxiliary Organizations. In addition, members who pay a \$50 membership fee receive an annual parking pass valued at \$100, potentially representing a gift of public funds. State law also prohibits any gift of public funds. All expenditures of must support the organization's function, purpose, and benefit the organization. While it is possible that members who receive the annual pass contribute time and/or monies in other ways to the college and its programs, it is unknown whether ALL members make such contributions or to what extent for each member.

Summary of Results and Action Plan

Finding 1: CCCD's four foundations do not consistently maximize fundraising efforts, limiting their ability to increase contributions. This is due to all or a combination of the following:

- **No formal strategic plans encompassing goals, resources, strategies, and outcome expectations;**
- **No philanthropic culture amongst all levels of the institution, including the Board of Trustees;**
- **No accountability for foundation board members to actively participate, donate, solicit donations, and no training related to these activities or qualifications for serving as a board member.**

Recommendation 1.1: The CCCD executive team, in conjunction with foundation management, should create formal, documented Strategic Plans, that align with Districtwide goals and objectives, including but not limited to the following elements:

- Establish priorities, goals, and resources; identify budgetary needs, funding sources, and barriers; and create strategies for meeting needs and reducing barriers;
- Create strategies to a) improve coordination amongst the foundations for a united corporate and international outreach effort; b) improve outreach with current/prospective donors; and c) identify alumni and improve outreach and engagement;
- Provide infrastructural support to the foundation and create performance outcomes, expectations, and accountability measures based upon this level of support; and

Recommendation 1.2: The Foundations should review their IT systems and a) perform a cost/benefit analysis and b) determine the extent to which they meet the District's current and future needs.

Recommendation 1.3: The Foundations should review their respective boards and a) reevaluate the composition to include faculty, classified staff, and students, as well as members willing to advocate on behalf of the college; b) establish qualifications, expectations for service (including giving and fundraising goals), Board assessments and succession planning, and participation agreements; and d) create new member orientation and ongoing training for existing members.

Recommendation 1.4: The Foundations should a) explore opportunities to include the campus community in fundraising and development; b) provide campus-wide training in roles and responsibilities for college advancement and support; and c) offer employee giving options through payroll deduction.

Management Response/Action Plan: The executive team will work with their respective foundations to create strategic plans. CCCF has a strategic plan and will ensure it aligns with the District's mission and goals, while retaining its college identity. For IT Systems, the Chief Information Technology Officer (CITO) and the Vice Chancellor of Administrative and Finance Services (VCAFS) will lead the cost/benefit analysis and make recommendations to Chancellor's cabinet. If changes are recommended, GWC and CCC need a Director in place to assist in the implementation, since current personnel are unable to support additional tasks. The foundations will collaborate and establish board member qualifications and expectations to maintain some consistency amongst the sites, while allowing for some variability for each college. The boards will include at least one faculty, staff, and student member. The Foundations will explore opportunities to engage the campus community in fundraising and development, and provide training as needed, as well as investigate opportunities to collaborate on corporate and international donors.

Due Date: Strategic Plan—12/31/24; **Responsible Parties**—Chancellor's Cabinet and Foundation Directors

Due Date: IT System Review—09/30/24; **Responsible Parties**—Marlene Drinkwine, VCAFS; Rupa Saran, CITO.

Due Date: Training & Outreach—12/31/24; **Responsible Parties**—Chancellor, college Presidents, Foundation Directors

Finding 2: The Foundations do not consistently provide easy access, current content, or information consistent with best practices on their websites or other social media, and they do not always maximize ways to donate, limiting their ability to outreach and engage with potential donors and facilitate contributions. This is due to all or a combination of the following:

- **Websites outdated with no current content, detailed information about District, colleges, programs, and/or student stories;**
- **Websites not located on the Districts/Colleges main page;**
- **No dedicated foundation personnel to perform regular updates; and**
- **Lack of or limited ways in which potential donors could submit a donation.**

Recommendation 2.1: The Foundations should consider hiring an external webpage designer and redesign their websites to ensure a) all Foundation links are on the District/College main landing page; b) the District website also includes links to the college foundations; c) webpages are user friendly with current content, limiting the number of clicks to access information.

Recommendation 2.2: The Foundations should ensure all “ways to pay” are easily located, clearly listed, and communicated on their websites, including but not limited to a) pay by mail, phone, or online; b) pay by check, credit card, electronic payments, and other online paying apps (ie paypal, zelle, venmo); and c) various timing options such as one-time, monthly, quarterly, and annually.

Management Response/Action Plan: The foundations will review their websites and implement the changes noted in this recommendation. This may require hiring a professional expert in web page design, since the foundations and the colleges do not have staff dedicated to this function, except for OCC who hires hourly personnel to assist with webpage content.

Due Date: 09/30/24

Responsible Parties:
Foundation Directors

Finding 3: The Foundations do not always have personnel in key positions to operate, significantly impeding their ability to achieve positive performance outcomes. This is primarily due to all or a combination of the following:

- **Turnover in management and administrative support positions, no dedicated development personnel, and/or existing employees assigned duties unrelated to foundation operations;**
- **Lack of oversight and understanding of foundation operations at the executive level; and**
- **Limited to no expectation to improve foundation performance or to engage in fundraising and development activities.**

Recommendation 3: The District should review the business models and personnel positions within this report and consider a) implementing a structure that allows for the recruitment and retention of qualified employees; b) maintaining a minimum number of personnel in key positions for foundation oversight, development, and administrative support; c) reviewing and updating job descriptions employees, as needed; d) reviewing and updating Master Agreements and Bylaws as needed; and e) whether the District Foundation should continue to receive Enterprise proceeds or whether proceeds should remain at OCC and GWC.

Management Response/Action Plan: Chancellor’s Cabinet will consider the information presented in this report. The District recognizes the staffing issues within the foundations and the need to consider an organizational model prior to investing resources in foundation operations.

Due Date: 12/31/24

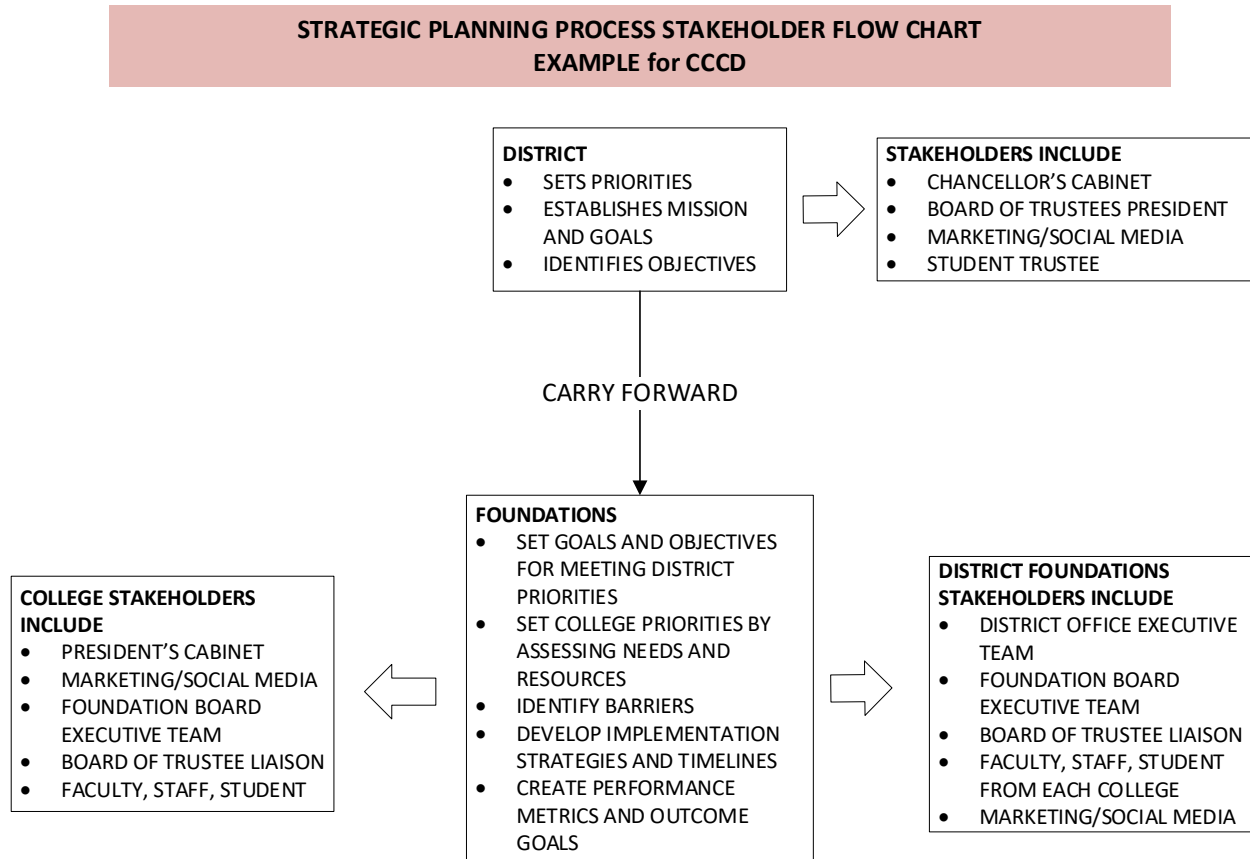
Responsible Party:
Chancellor’s Cabinet

Finding 4: Internal Audit was unable to determine whether there is a cost/benefit to consolidating administrative support for scholarships and/or transitioning disbursement processing to an “all electronic” process via one vendor, hindering the potential for expediting payments to students and reducing costs or staff workload.

Recommendation 4.1: The District should evaluate the cost of processing scholarships at all sites electronically via one vendor and evaluate whether such processing could be consolidated into a “job share”

<p>role, reducing the number of staff assigned to process scholarships and potentially achieving a cost savings and/or reducing staff workload.</p> <p>Recommendation 4.2: The District should consider streamlining scholarship disbursements not only electronically, but through the financial aid offices.</p>	
<p>Management Response/Action Plan: The Chancellor will delegate this research to the Vice Chancellor of Educational Services and Technology. The review will capture the elements described in this report with a recommendation made to Chancellor’s cabinet by the established due date. The colleges agree that the financial aid offices do not have scholarship information and cannot maintain donor records. OCC plans to assign a member of the fiscal team as a liaison to the foundation to assist in scholarship processing and ensure transactions undergo the same level of internal controls as all other financial transactions.</p>	<p>Due Date: 12/31/24</p> <p>Responsible Party: Dr. Andreea Serban, Vice Chancellor of Educational Services and Technology</p>
<p>Finding 5: GWC allows for the operation of the Patrons, a group that potentially functions as an auxiliary organization separate and apart from the GWCF, without an agreement and not compliant with State Law related to the establishment of auxiliary organizations.</p>	
<p>Recommendation 5: GWC should formalize the operation of the Patrons and its relationship with the GWCF and the college by a) updating the GWCF bylaws to include the Patrons as a subcommittee of the GWCF; b) ensuring leadership of the Patrons is a subset of the GWCF Board of Directors; and c) evaluating Patron benefits related to facility use (including parking fees) to minimize the risk of gifting of public funds and ensuring benefit to the college and its programs; OR d) GWC should consider establishing the Patrons as its own auxiliary organization.</p>	
<p>Management Response/Action Plan: GWC is in the process of reviewing the GWCF operations due to the retirement of the Director. The college’s executive team has already identified the concerns noted in this report, and others, and is currently working on strategies to address the issues. Given the operational nature of the Patrons and the GWCF, the college needs additional time to thoroughly research the issues and to develop meaningful decisions and strategies. GWC fully intends to comply with laws, regulations, and District policies and procedures.</p>	<p>Due Date: 12/31/25</p> <p>Responsible Party: Meredith Randall, GWC President</p>

Attachment A: Sample Structure for Strategic Planning at CCCD



DISCUSSION TOPICS

1. BOARD SERVICE QUALIFICATIONS, TERMS OF SERVICE, SUCCESSION PLANNING, RECRUITMENT PLAN
2. BOARD EXPECTATIONS FINANCIAL AND NON-FINANCIAL
3. BOARD TRAINING
4. IDENTIFICATION OF KEY PROGRAMS
5. IDENTIFICATION OF STRENGTHS AND WEAKNESSES
6. NEEDS ASSESSMENT
7. COMMUNICATION/MARKETING STRATEGIES
 - A. DONOR IDENTIFICATION AND OUTREACH
 - B. ALUMNI IDENTIFICATION AND OUTREACH
8. BOARD RECRUITMENT IN INDUSTRIES OF IDENTIFIED NEEDS
9. REQUIREMENTS FOR COORDINATION W FOUNDATION—PROGRAM/DEPARTMENT FUNDRAISING
10. EXPECTED OUTCOMES/METRICS

Attachment B: Work Study Student Research on Foundation Websites

Internal Audit assigned its work study students the task of reviewing the websites for the foundations that participated in this review. Each student considered a) design; b) ease of use; c) content; and d) overall appeal and selected their top five favorite websites. Internal Audit did not review their work, and only sought their honest and objective opinions from the student perspective. While each student had a different top 5 list, Work Study Student 1's third ranked foundation website is the same foundation as Work Study Student 2's second ranked foundation website. Internal Audit included comments from both students regarding the foundations listed below.

Work Study Student #1 Top 5	
1	Great design, information laid out well, but should make annual reports easier to find, and include scholarship recipient stories. Font too small.
2	Good design, easy to navigate; nice photos of Board and staff, but should have some statistics
3	Well organized, able to navigate, many photos. Easy reading.
4	Easy to navigate, good design; Include student success stories, student statistics, make fonts bigger. Lots of ways to give.
5	Not initially easy to find, but easy to navigate once there, annual reports easy to find, but should be towards top, make donation button bigger, include cancer scholarship in the front page for awareness. Font is small.

Work Study Student #2 Top 5	
1	Simple, Visually appealing, School color scheme, Everything is 1-2 pages; Easy to find information and navigate; Information in simple wording; Staff contacts is displayed but not board of directors. Some images won't load.
2	Lots of pictures and visually appealing; School color scheme. Everything is cohesive, Super easy to navigate, and Everything is listed accordingly like how to donate, how to get involved (sponsor or volunteer), different ways to support students.
3	Visually appealing (great color & fonts), good design. Highlights achievements. All tabs are on top. Easy to navigate and details are not overwhelming. Clear ways to give, resources for students & alumni and faculty and staff. Good statistics, Shows which fund/type of scholarship it's going to.
4	Visually appealing with great images; Easy to navigate and information presented in short summaries. Many ways to give, scholarship information. Featured donors, how to get involved. Alumni association.
5	Color is cohesive, not flashy where it is hard to read; Donation link is easy to find but should be bigger. Easy to navigate. Good marketing on home page. Update grant tab (from 2020), showcase student success stories, include annual reports & make donate button larger.

MEMORANDUM

Date: August 13, 2024

To: Dr. Whitney Yamamura, Chancellor
Marlene Drinkwine, Vice Chancellor Finance and Administrative Services

From: Rachel Snell, MPA, Internal Audit Director (CIA, CFE, CICA, CRMA)

Re: Facility Use Fee—Waivers

For Fiscal Year (FY) 2023-2024, Internal Audit's Annual Strategic Work Plan (Plan) contained a project related to a Districtwide Audit of Waivers (Co-Sponsorships) to Facility Use Fees. Internal Audit started this project in FY 2023-2024 and carried it forward to FY 2024-2025. On or about the same time, the Vice Chancellor of Finance and Administrative Services (VCFAS) began a project related to facility rental and parking fees. As such, Internal Audit amended the project to an Advisory Service as opposed to a full audit.

Internal Audit identified operational weaknesses related to facility rental fees and co-sponsorships, as well as possibly outdated policies and procedures noted in Board Policy (BP) and Administrative Procedure (AP) 6700 Civic Center and Other Use of Facilities. The VCFAS acknowledged these weaknesses and requested Internal Audit provide the findings and recommendations to staff so that the recommendations could be implemented concurrently with work already underway related to facility rental and parking fees and planned revisions to BP/AP 6700.

Background Information

BP/AP 6700 establishes policies and procedures related to the use of District property and facilities, including co-sponsorships where use fees may be discounted or waived. The District may open facilities for community use when such use does not conflict with the District's mission, programs, and operations. The District and its Colleges, as authorized by the Chancellor and/or college President, may co-sponsor facility usage for activities that benefit the District. The Chancellor and/or College President of each College may designate facilities to serve as Civic Centers pursuant to the Civic Center Act. BP 6700 was last revised in April 2021, during the COVID-19 pandemic when facility rentals were limited or non-existent.

Results

BP 6700 requires that the Chancellor or College President, in consultation with District Risk Services, determine whether an activity creates an unreasonable risk of harm. With the organizational changes related to District Risk Services, it is unknown the extent to which the various sites consult with Risk Services or whether such consultation continues to be necessary. OCC reported that it always consults risk services for insurance approvals related to its events.

BP 6700 also states that facility use shall not be granted in such a manner which would constitute a monopoly for the benefit of any person or organization. Internal stakeholders report that in their opinion, athletics is one department where the potential for non-compliance exists. It was stated that some community athletic groups may perceive that college coaches receive priority for facility usage and co-sponsorships since they work for the college, perceiving that there is a benefit to the person (athletic coach) and the community athletic team (organization) coached by the same person. Each college reported that President's cabinet reviews and approves events in an effort to avoid such activities either in appearance or in fact; however, according to GWC, this practice is not always performed consistently.

In addition, facility usage greater than one year must be approved by the Board as a lease or site license agreement unless otherwise directed by the Board. Although the Board may direct staff to establish a lease or site license agreement, the language in this BP could also imply that the Board could direct staff to not establish either. The Board's intent in this regard is unknown. Furthermore, the Education Code sections referenced in this BP do not contain language to establish a site license or lease under any circumstance.

BP 6700 requires any person or entity using District property to comply with AP 3900 Speech: Time, Place, and Manner. If the user of District facilities violates this AP, the Chancellor or College President may order that all activities be stopped and may cancel any previous facility approvals. In addition, BP 6700 requires facility users to comply with various non-discriminatory conditions and establishes terms for non-profit organizations and religious entities. The extent to which facility use/co-sponsorship agreements exist, whether these agreements are consistent across all District sites, or whether they require District property users to affirm acceptance of the terms and conditions listed in BP 6700, is unknown. The process for ordering activities to stop or cancelling previous approvals is also unknown.

BP 6700 further requires each site to submit an annual report of facility usage activities to the VCFAS within 45 days after the end of each fiscal year. This report must include the estimated amount of rental fees the District Office and/or the Colleges may have realized had the co-sponsorship not occurred, and the facility had been rented at fair rental rate. AP 6700 states that fair rental value consists of the (i) facility use fee, (ii) event support cost (i.e., equipment rental, staffing, and other material costs), and (iii) supplemental services (i.e., food services, tours/exhibitions, special event insurance coverage). Although each college submits a quarterly report to the Board, it is unknown whether each site uses the same assumptions for calculating these costs or whether the information submitted is consistent across all sites. AP 6700 requires the facility rental offices to estimate these costs, but it is unknown the extent to which facility staff have the financial data or training to perform this task. OCC reported that a new committee is under formation and would be tasked with reviewing the issues noted here, among other tasks.

Furthermore, it is unknown the extent to which each site submits these reports to the VCFAS as required and it is unclear what, if anything, the VCFAS is supposed to do with these reports. The Education Code sections cited in the BP (82537 and 82542) do not require the creation or submission of any such report. Lastly, the submission date listed in this BP occurs during peak workload demands for the finance teams, as staff is diligently working on year-end closing procedures over the Summer months.

Other Observations

BP 6700 states that “the use of College facilities, including fee schedules for commercial and non- profit facility users, shall be governed by administrative procedures and rates established by the Chancellor and approved by the Board.” This section only references use of the College facilities and not District Office facilities.

AP 6700 references BP 6340, Bids and Contracts stating that the Board delegates authority to the Chancellor to enter into facility use agreements subject to approval or ratification by the Board. It is unclear in what instances the Chancellor seeks approval versus ratification. For example, AP 6700 does not provide direction based upon cost, amount co-sponsored, event type, etcetera.

Lastly, AP 6700 requires that if an event requires special use permits, traffic control plans, incident response plans, or other permits/plans, copies of all such documents shall be submitted to the District’s Facilities Department at least 72 hours prior to the event. It is unclear what the District’s Facilities Department should do with these documents other than maintain them, and it is unclear the purpose of the District Office holding these documents for an event occurring at one of the colleges.

Recommendations

The VCFAS should review/revise the language for BP/AP 6700 as needed and establish guidance related to:

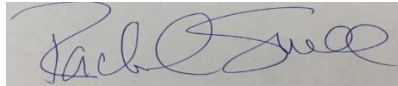
1. Making determinations of “unreasonable risk of harm.”
2. Ensuring any one person or organization does not receive a monopoly or benefit from facility use and/or co-sponsorship decisions, including the athletic departments.
3. Clarifying the language with regard to Board approval and direction for site licenses versus leases, and determining whether such provision is needed within this BP.
4. Clarifying the process for stopping and/or cancelling approval of an activity.
5. Reviewing facility use agreements and ensuring a) standardized use Districtwide and b) requiring users to affirm their acceptance of the applicable conditions set forth in this BP c) obtaining input from General Counsel.
6. Reviewing the fee schedule on an annual basis and considering increases in costs to the District and its respective colleges to use facilities.
7. Calculating fair rental value when establishing fee schedules and ensuring a standardized methodology for estimating “realized costs” and facility use reporting.
8. Reviewing the requirements for submitting reports to the VCFAS and the role of the facility rental offices in calculating the various costs and fees.
9. Clarifying the delegation of authority for facility use agreements between the Chancellor and college Presidents, and the standard by which an agreement is required to go to the Board, if at all.
10. Clarifying the purpose of submitting special event related documents to the District Facilities Department and whether such is required for events occurring at the colleges.

Cc Dr. Angelica Suarez, OCC President
Dr. Rich Pagel, OCC Vice President Administrative Services
Meredith Randall, GWC President
Rick Hicks, GWC Acting Vice President Administrative Services
Dr. Vince Rodriguez, CCC President
Christine Nguyen, CCC Vice President Administrative Services

COAST COMMUNITY COLLEGE DISTRICT
CERTIFICATION FOR AUTHORIZATION FOR DESTRUCTION OF RECORDS

I hereby certify that the documents listed as follows have been duly classified as Class 3 Disposable Records pursuant to Section 59025 of Title 5 of the California Code of Regulations, that these records are due to be destroyed pursuant to Section 59026 of Title 5, that the destruction of these records is not in conflict with law, and that I will supervise the destruction of these records in compliance with Section 59027 of Title 5.

Rachel Snell _____
Printed Name



_____ Director Internal Audit _____
Title

08/19/24

Signature

Date

	Description of Record	Fiscal Year Record Originated
1.	One on One Chancellor Meeting Agendas and Notes	FY2019, FY 2020, FY 2021
2.	Draft Writing Sample and Interview Questions for Internal Audit Coordinator position (This position was changed in FY2022 so more current documents are available)	FY 2016, FY 2019
3.	Internal Audit Quarterly Reports the Board (Already in Board Docs)	FY 2020, FY 2021
4.	Internal Audit Quarterly Reports to Audit and Budget Committee (Already in the meeting records)	FY 2020, FY 2021
5.	Annual Independence Statements	FY 2016-FY 2020
6.	Staff Training Log FY16-17	FY 2016
7.	Institute of Internal Auditors, Group Membership Profile forms Kathleen DeSalvo and Fahad Kazi (former employees) and Jim Moreno	FY 2016 to FY 2021
8.	Institute of Internal Auditors, Dues Calculation Spreadsheet	FY 2016 to FY 2021
9.	Audit project work paper files (Final Reports retained)	Calendar Years 2017-2019
10.	Investigation project work paper files (Final Reports retained)	Calendar Years 2017-2019

COAST COMMUNITY COLLEGE DISTRICT
CERTIFICATION FOR AUTHORIZATION FOR DESTRUCTION OF RECORDS

11.	Recommendation Matrices	FY 2021
12.	Auxiliary Organizations: Project workpapers (final reports retained)	FY 2016 – FY 2019
13.	Internal Audit review of BP/APs: AP 3300 Inspection and Copying of Public Records; AP 3310 Records Retention and Destruction; AP 3050 Code of Professional Ethics for all Employees of the Coast Community College District; AP 7310 Anti-Nepotism; BP 5700 Intercollegiate Athletics	FY 2017, FY 2019
14.	Audit Universe/Audit Project Risk Assessments	FY 1999, FY 2016-2018
15.	OCC Recycling Center Consulting Engagement working papers (hardcopy)	FY 2018
16.	Notes from reviewing RFP submissions related to Payment Industry Compliance (hardcopy)	FY 2018
17.	CDMA meeting notes (hardcopy)	FY 2016-17
18.	Institute of Internal Audits-Orange County Chapter—hardcopy meeting notes	FY 2016-2018