
AUDIT AND BUDGET COMMITTEE MINUTES

Coast Community College District

Special Meeting of the Audit and Budget Committee

May 28, 2020

Zoom Telephonic Conference Meeting

1370 Adams Avenue, Costa Mesa, CA 92626

1. Call to Order

The meeting was called to order at 2:00 p.m.

2. Roll Call

Trustees Present: Trustee Jim Moreno and Trustee Mary Hornbuckle

Trustees Absent: None

In Attendance – Dr. John Weispfenning, Chancellor; Dr. Andrew Dunn, Vice Chancellor of Finance and Administrative Services; Dr. Andreea Serban, Vice Chancellor of Educational Services and Technology, Rachel Snell, District Director of Internal Audit; Paul Wisner, GWC Director of Business Services; Rachel Kubik, OCC Director of Business Services; Janet Houlihan, GWC Vice President of Administrative Services, Julia Clevenger, Director Chancellor's Office Operations and Projects, Dr. Rich Pagel, Vice President Administrative Services OCC, Derek Bui, Director Business Services Coastline, Daniela Thompson, Administrative Director Fiscal Affairs, Christine Nguyen, Vice President, Administrative Services, Jeff Jensen, Partner Crowe LLP, Dana Swart, Controller, Mary Grady Administrative Assistant, Board of Trustees, Jane Burton, Manager/Board Secretary,

3. Opportunity for Public Comment

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

4. Approval of Minutes: Meeting of April 14, 2020 Minutes

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to approve the minutes of the Special Meeting of April 14, 2020.

Motion carried with the following vote:

Aye: Trustee Hornbuckle and Trustee Moreno

No: None

Absent: None

5. Review, Discuss, and Possible Action Regarding Internal Audit Quarterly Update

Ms. Rachel Snell, District Director of Internal Audit, provided an internal audit quarterly update. The following reports would be presented to the Board of Trustees at the June 17, 2020 Board meeting:

- AP 3600 Self Assessments of all ASB groups would be marked as complete.
- The Planetarium Gift Shop final report.
- The Strategic Audit Plan.

Onboarding and training best practices were discussed by the Committee.

6. Status Report of the Interim External Audit Report by Crowe LLP

Mr. Jeff Jensen, Partner from Crowe LLP and lead for this audit, provided an update for the Committee regarding the 2020 fiscal audit. The Crowe LLP client service team was also introduced to the Committee.

The list of client deliverables and the audit timeline was presented and discussed. The internal control work was already complete for the audit, including testing related to the state compliance areas and the student financial aid areas. The audit status was in good shape, especially considering the COVID-19 situation, with all work done remotely to date.

The year-end field work was scheduled to begin in August 2020 and move into September 2020 with a goal of completing the audit by Thanksgiving as per the original timeline as agreed. The audit report due date was extended by the state until the end of February 2021.

7. Review discuss and possible action regarding proposed budget

Dr. Andrew Dunn provided a brief oral and written presentation for the Committee which included the following topics for Committee discussion:

- Prop 98: A three year look. The year 2021 would have an 8% reduction to the Student Centered Funding Formula (SCFF), plus a number of categorical deductions.
- Revised set of budget assumptions: COLA remained at zero, the current year deficit factor had declined, next year is unclear, and as stated the reduction in SCFF was 8%.
- Revised Projection SCFF: A charted model for future years was presented.
- Brief Summary of the Governor's May revised budget: Included proposed reduction to the Student Centered Funding Formula (SCFF), some enhancements to Prop 98 were stripped away, deferred maintenance (Scheduled Maintenance Block Grant) was zero, and a number of categorical reductions were proposed. Both DSPS and EOPS were left intact in the May revised. COLA would be zero.

- Revised budget calendar: Financial reporting deadlines for the current fiscal year remained the same. At the upcoming June 17, 2020 Board of Trustees meeting the board would be asked to extend authority under the status quo of the current adopted budget through July 15, 2020 when the second addition of the tentative budget for the 2021 year would be ready for the Board's consideration. The COVID-19 economic response had caused a significant restatement of the state budget expected late to mid-August, which would inform our final budget. This would push the final budget to mid-October for presentation to the Board for consideration. It was mentioned that the Committee should be aware LAO had offered some alternative ideas for the community colleges, including eliminating Cal Bright, the online college, the College Promise Program, and other substantial movements that could redirect millions of dollars to community colleges for the following year.
- Proposed cost savings measures: The two main categories presented were negotiable issues and administrative control issues. Cost reduction strategies were discussed, emphasizing the fact that 92% of unrestricted funds were currently directed toward personnel and benefits. Other areas to reduce costs were consultant services, rents and leases, travel and conferences.
- Focusing advocacy efforts:
 - One concept from the Governor's revision was "workload reduction" although there was no expectation we would serve fewer students.
 - The importance that our apportionment base was protected.
 - Prop 98 cuts could be too deep in the initial year.
 - Reliance on federal funds would stay on our list for advocacy and inquiry.
 - The Heroes Act was passed through the House, Senate was pending.
- Looking ahead:
 - Extend the budget timeline for the 2021 budget at the June 17, 2020 Board meeting, extending the current adopted budget through July 15, 2020 when we would have the second addition of the tentative budget for the 2021 year ready for the Board's consideration.
 - Continue with the budget committees, although some contractors may be off contract. Possible Special Meeting of the Board of Trustees Late June or July 2020, with the budget as a topic.

8. Future Meeting Date

The next meeting date of the Audit and Budget Committee would be decided at a later date.

9. Future Agenda Items

- (a) Proposed budget
- (b) Internal audit quarterly update

10. Adjourn

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to adjourn the meeting at 3:11 p.m.

Motion carried with the following vote:

Aye:	Trustee Hornbuckle and Trustee Moreno
No:	None
Absent:	None

A handwritten signature in cursive script, reading "Jane Burton". The signature is written in black ink and is positioned above a horizontal line.

Jane Burton
Secretary of the Board