
AUDIT AND BUDGET COMMITTEE MINUTES

Coast Community College District

Special Meeting of the Audit and Budget Committee

September 10, 2020

Zoom Telephonic Conference Meeting

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; Dr. Marco Baeza, Vice Chancellor Human Resources; Crystal Crane, Director, Human Resources; Tim McGrath, President GWC; 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; Dr. Rich Pagel, OCC Vice President Administrative Services; Derek Bui, CCC Director Business Services; Daniela Thompson, Executive Director Fiscal Affairs; Christine Nguyen, CCC Vice President, Administrative Services; Miguel Beltran, Internal Audit Specialist; Tanya Tran, District Budget Manager; Dana Swart, District Controller; Colleen Goesser, Crowe LLP; Jeff Jensen, Crowe LLP; Jennifer Richards, Crowe LLP; Austin Webster, Townsend Public Affairs; 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 July 29, 2020 Minutes

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to approve the minutes of the Special Meeting of July 29, 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 for the committee. Ms. Snell commented on the following topics:

- A PowerPoint training presentation document was created and distributed to the OCC Math & Science Department, which was requested as a spin-off of the Planetarium specific cash handling and fraud training assignment.
- PCI compliance: The external consultants had received everything they would need and were preparing a draft report.
- The OCC Children's Center was preparing for re-opening.
- The Enterprise Ethics Survey was finalized.
- The Planetarium project update would be available November or December 2020.
- Teammate + Migration was in process and proved to be a time consuming project while transitioning to the new compliance audit tool.

6. Review, Discuss, and Possible Action Regarding External Audit Quarterly Update

Mr. Jeff Jensen from Crowe LLP offered an update for the external audit process. Jennifer Richards and Colleen Goesser, also from Crowe LLP, joined Mr. Jensen to present the audit update to the Committee.

Mr. Jensen reported that field work for the external audit had continued remotely and was going well. This included the District financial statements, the bond financial statements, the performance audit, the Foundations and Enterprise Corporation. They were completing their substantive audit work, looking at federal and state compliance and had started work on reports. The audit approach had been tailored for risks and control measures implemented due to Covid-19. The exit meeting with management had already taken place.

A specific concern brought to the Committee's attention was the CARES ACT federal audit guidelines which were not yet issued. The guidelines were expected to be issued by mid to late October 2020. The original audit timeline for completion of the audit would be adhered to as closely as possible with final reports expected by November 2020.

The State Chancellor's Office implemented a time extension for audits to February 28, 2021. Crowe LLP did not plan to use the extension time allotted unless the CARES ACT audit guidelines were not issued by October 2020.

7. Review, Discuss and Possible Action regarding Proposed budget

Chancellor Weispfenning offered an update of cost saving strategies considered.

- The supplemental retirement programs for the employees

- SERP I savings approximately \$3 million the first year (additional savings years two through five)
 - SERP II savings estimates were approximately \$500,000 2021
 - Suspension of step and column in the 20/21 Fiscal year
- Employee suggestions had been requested for cost savings ideas
 - 48 suggestions were submitted and reviewed by Cabinet
 - 10 of these had been implemented with an additional 9 in progress
 - The remaining 20 items would require further study
- Trustee Hornbuckle's request for a dollar amount to be attached to each cost savings item was in process and the Chancellor noted that this should be ready to provide to the full Board in 2-3 weeks.

Vice Chancellor Dunn provided a PowerPoint presentation with budget information for the Committee, including:

- Change assumptions impacting the development of the final budget.
 - The deficit factor was explained in detail
 - The estimated funding deferred was considered good news for Coast
- Data on the Capital Budget – More good news
 - Continued funding for the Orange Coast Language Arts
 - Continued funding for Golden West Language Arts
 - Proposed new funding for Orange Coast Chemistry facility
- Multi-year projections pertaining to the Student Centered Funding Formula
 - Minor adjustments were made to the factors within the SCFF
 - The 2017-18 hold harmless formula was extended through 2023-24 and was explained extensively
 - Dr. Dunn indicated he would work with Dr. Serban to obtain a projection on enrollment, at the request of Trustee Moreno
- Key budgetary metrics at the close of year 2020
 - The books for the year 2020 had already been closed
 - The SERP I employees exit date was June 30, 2020 and a second SERP was in process for additional budgetary savings.
 - Enrollment data was bending in the right direction
 - A large percentage (91.4%) of unrestricted general funds was allocated to salaries and benefits
 - The final budget would be presented to the Board at the second meeting in October

8. Review, Discuss, and Possible Action Regarding Legislative Updates

Mr. Austin Webster from Townsend Public Affairs provided a brief legislative update for the Audit and Budget Committee.

The Budgets at the State and Federal levels included a number of variables. Funding for CCCD was not expected to be received before October 2020. Stimulus funding discussions and negotiations were continuing in Washington D.C.

The economy continued to be a question mark with a potential economic downturn predicted for the following two years. The Presidential election would be a factor in November 2020. Mr. Webster provided additional insight regarding a large number of variables in play that could impact future legislature. He noted there were no higher education bills that currently needed the Committee's attention with the main focus now on monitoring policy proposals, and getting the final stimulus negotiated and passed. Mr. Webster indicated he would keep the Committee updated.

9. Future Meeting Date

The next meeting date for the Audit and Budget Committee was scheduled for Thursday, November 5, 2020 at noon.

10. Future Agenda Items

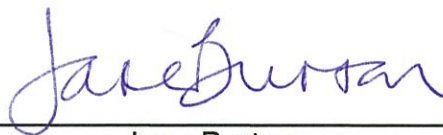
- (a) Internal Audit quarterly update
- (b) External Audit quarterly update Crowe LLP
- (c) Budget updates

11. Adjourn

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to adjourn the meeting at 3:43 p.m.

Motion carried with the following vote:

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



Jane Burton
Secretary of the Board