PimaCountyCommunityCollegeDistrict

Governing Board's Finance and Audit Committee
Meeting Notice and Agenda*
Friday, December 13, 2019
9:00am
District Office, D225

General Matters

1.	Call to Order	Tracy Nuckolls	9:00am

Action Items

2.	Approval of Minutes from October 25, 2019	Tracy Nuckolls	9:05am
3.	Vote to Recommend Ken Marcus for Membership on the Governing Board's Finance and Audit Committee *Outcome of decision to be presented to the Governing Board for approval on January 8, 2020*	Tracy Nuckolls	9:10am

Reports and Feedback

4.	Internal Audit Update
	   a. Executive Dashboard
	   b. Content of January Governing Board Study Session
		Jeff Silvyn, Kurt Weirich	9:20am

5.	Student Payment Demonstration	Cecily Westphal	10:15am
6.	Notice of Transaction Review	Daniel Soza	10:45am

7.	CFO Update
	   a. Revenue Bonds
	   b. FY19 Audit
	   c. FY21 Budget Update
		David Bea	11:00am

Effectiveness Discussion

Information Items

8. Future Agenda Items
   a. Financial Aid Update
   b. Competency-Based Education
   c. BP 4.07, Cash Reserves (February)
   d. Marketing
   e. Enrollment Management
   f. Program Viability, Use of Space, and Revenue Bonds
   g. FY19 Audit

Adjournment

Next Meeting
February 14, 2020
District Office, D225

***Option to recess into executive session** – Pursuant to A.R.S. 38-431.03(A)(2) the Committee may vote to go into executive session for discussion or consideration of records exempt by law from public inspection, including the receipt and discussion of information or testimony that is specifically required to be maintained as confidential by state or federal law.

***Additional Information** – Additional information about the above agenda items is available for review on the College's website.

**The Committee reserves the right to change the order of agenda items.

**To request a reasonable accommodation for individuals with disabilities, a minimum of five (5) business days before the event is requested. Contact Phone: (520) 206-4539 Fax: (520) 206-4567.

Members of the Committee may participate by telephone, video, or internet conferencing.

PimaCountyCommunityCollegeDistrict

Governing Board's Finance and Audit Committee
Friday, October 25, 2019
9:00am
District Office, D225

Meeting Minutes

In Attendance:
Tracy Nuckolls (Chair), David Bea (Ex-Officio), Demion Clinco, Scott Odom, Marie Nemerguth, Ben Tuchi, Daniel Soza (Ex-Officio), Agnes Maina (Ex-Officio), Adrianne Regrutto (Chair-Elect), Maria Garcia

Unable to Attend:
Jesus Manzanedo, Clarence Vatne

Guests:
Scott Cabalka, John Utter, and Bethany Jessen (RBC), Chancellor Lee Lambert, General Counsel Jeff Silvyn, Director Kurt Weirich

General Matters
1. **Call to Order**
   Chair Tracy Nuckolls called the meeting to order at 9:07am, noting a quorum was met.

Action Items
2. **Approval of Minutes from August 23, 2019**
   Chair Nuckolls asked if the Committee had any changes to the minutes. With no changes, a motion was made to approve the minutes.

   Motion No. 201910-01: Approve Minutes from August 23, 2019
   First: Demion Clinco
   Second: Scott Odom
   Vote: Motion passed unanimously (Nuckolls, Clinco, Odom, Nemerguth, Tuchi, Regrutto, Garcia voting in favor)
   <u>Motion Carried.</u>

Reports and Feedback
3. **Investment Update (Scott Cabalka, John Utter, Bethany Jessen)**
   Chair Nuckolls welcomed three representatives from RBC Global Asset Management, beginning with Mr. Scott Cabalka, who will be retiring next week. Mr. John Utter and Ms. Bethany Jessen will be the primary contacts for the College in the future.

The conversation continued with a review of the portfolio, including a conversation on returns for funds that may be held in investments over the next year. There are signs of growth, including employment rates and consumer confidence, in the economy.

Mr. Ben Tuchi inquired about how the investments are allocated in relation to the maximum allocations defined by the College's investment guidelines. Mr. Cabalka explained the allocations, and Ms. Adrianne Regrutto requested a dashboard that would show the total assets in the portfolio compared with the allocations allowed by the investment guidelines. RBC will compile a report in this format to be shared with the Committee in the next week. Mr. Scott Odom inquired about the types of securities in the portfolio.

Prior to this meeting, the representatives from RBC met with Dr. David Bea, Mr. Daniel Soza, and Ms. Agnes Maina to discuss the yield curve in light of any potential economic downturn. The College has been diligently improving investments, as the returns are important from a cash management and an expenditure limitation standpoint. Mr. Cabalka stated that changes in the federal rates would have a large impact. Mr. Utter noted that liquidity should be looked at as an asset class, and there should be a balance. The College uses the state's Local Government Investment Pool and maintains reserves in alignment with Board Policy 4.07.

Mr. Cabalka stated his appreciation for the engagement of and robust conversations held by this Committee. The Committee wished him luck on his retirement.

4. **Chancellor Update (Lee Lambert)**
Chancellor Lee Lambert began with an anecdote about a recent conference he attended, in which he spoke to the progress made by the College. The formation of this Committee was a key component of the transformation.

Equity will continue to inform the vision of the College. Reducing work that should be automated will also better position the College to serve the workforce, and skilling, reskilling, and upskilling will be key in addressing the deficiencies among current employees. Chancellor Lambert would like to have accessible resources available on mobile devices across the community.

Federal legislation may disrupt the current model of financial aid, and it is a matter of time for changes to align financial aid with 21st Century instructional models. As an example, the College is supporting short-term Pell, as this will better serve students. Student expectations are also changing, and the College must be prepared to meet their needs. Being all things to all people is no longer feasible and will not meet the needs of students.

Tackling the changes in general education, in light of online growth, will be a challenge as the College will need to reallocate resources to meet the growth. Straighterline is an external entity providing a new model for general education. Creating an Enterprise Risk Management (ERM) unit will help the College be aware of outside competitors like Straighterline and prepare for the market

to pivot. Mr. Demion Clinco asked the Chancellor to speak to recent conversations with a potential external partner to boost essential technology skills that can be utilized across a variety of College programs.

Ms. Regrutto inquired about physical changes to the College that will support these technological advances. The College will first grow square footage and then look to repurpose excess square footage through partnerships and lease opportunities.

Chair Nuckolls asked about program viability and review, and the progress made to align with these changes. Chancellor Lambert explained the progress, in which some lower-enrolled programs have been inactivated; the next steps will be difficult but will require inactivation of programs and teach-outs and will enable reallocation of personnel and financial resources to growth areas.

Dr. Tuchi mentioned predatory practices, especially related to for-profit institutions that have the ability to hone in on specific focus areas. Chancellor Lambert spoke to the creation of targeted programs to meet student demand while remaining conscientious about student debt. Finding more opportunities for employers to pay for programs are also an option. Finally, realigning curriculum to meet a more realistic timeline, or creating cohorts of full-time students, are also strategies.

Given the need to be adaptable, responsive, and flexible, Chair Nuckolls inquired about the ability of the College to be responsive to needs. Dr. Bea noted there are strategic initiatives funds, seed funds for new designated programs, and out-of-cycle capital funds. Chair Nuckolls inquired about allocations of personnel, and Dr. Beak spoke to the HR Consultant model, which partners HR strategically with the units in creating staffing plans. Faculty utilizes an allocation model, allowing full-time equivalent positions to be repurposed for disciplines with a need for faculty. Chancellor Lambert noted the need to be proactive with recruitments and to examine full- and part-time faculty models. Professional development funds are also being redirected to provide training for a larger group rather than at the request of an individual.

Mr. Clinco inquired as to the ability to quickly develop and implement a program. Time varies, as it may be subject to curriculum process driven by the faculty in those areas. Accreditation is also a factor, as well as approval by the Department of Education. Prior Learning Assessment and Competency-Based Assessments are additional avenues for expedient program delivery.

Partnerships, such as the one between the College and Pearson, provide students outside of Pima County with the opportunity to take classes online. It is important to note that this does not reduce opportunities for local students, and revenues from online will optimally support face-to-face education.

Ms. Maria Garcia inquired about the move to 12-month faculty and the costs associated with the change. This is currently a formative conversation, and the expenditures will likely be offset by

increased enrollment and expenditure limitation (EL) capacity. Changes to EL are in discussion with the legislature. Chancellor Lambert noted the significance of legislators recognizing the need for EL relief, especially related to the College as opposed to the way the College was viewed by external constituents.

5. **Budget Forecast - Preliminary Model (David Bea)**
   Dr. Bea introduced the materials shared with the Executive Leadership Team earlier this week, which include a set of parameters in the base budget related to the budget forecast. Some strategies discussed include utilizing Prop 301 funds, which are outside of EL, to fund workforce operations, as well as employing 13-month revolving debt structures for life-cycle replacement and deferred maintenance. Chair Nuckolls encouraged a review of revenue bond covenants related to any additional debt.

   Traditional college-age cohorts are shrinking, and the College will need to make a big shift to address this factor as well as the items noted earlier by the Chancellor. Seeking additional revenues, including investment and contract revenues, will help. To address Ms. Garcia's earlier concern about funding 12-month faculty models, there are large inefficiencies in the classroom model related to scheduling and the need to finalize the pathways, which will ultimately lead to guaranteed scheduling.

   Developing a pool for the outcomes of the classification and compensation study, as well as a future option for merit-based pay, are in process. The base budget is set to include no tuition increase, no raises, and a potential change to benefits contributions, as well as expenses estimated over the EL for FY21.

   In looking at personnel resources, the College will be developing a better mechanism to demonstrate how personnel are allocated across the different programs rather by employee type. This will better demonstrate the positions related to those directly working with students.

   Dr. Bea will be bringing BP 4.07, Cash Reserves, to this Committee at the December meeting to discuss revisions to the policy to better utilize reserves for strategic reinvestment back into the College. Dr. Tuchi inquired about the possibility of doing all of these things without a tuition increase, which would then lead to other conversations related to personnel or number of locations.

   The Provost is leading a task force to look at educational materials and the potential for Open Educational Resources to reduce the overall cost of attendance. In the past, Student Government representatives have noted their understanding of minimal tuition increases; the students have highlighted the more difficult prospects of paying for textbooks.

   Increasing marketing funds to continue the efforts from FY20 is a priority of the Board, as is finding more scholarship opportunities. Ms. Garcia noted the recent improvements in marketing.

6. **Internal Audit Update (Jeff Silvyn, Kurt Weirich)**
   Chair Nuckolls introduced the Internal Audit Update, and Mr. Kurt Weirich presented a draft dashboard on which he would like the Committee to provide feedback. Dr. Tuchi inquired as to how the level of risk is assessed, and Mr. Silvyn noted that the dashboard would be clarified to provide more detail about the type of risk and the scale. Ms. Marie Nemerguth suggested collapsing the completion status, and Ms. Regrutto also suggested adding a column to show the initial date, as well as the actual estimated target date. Mr. Weirich will bring an updated dashboard with a comprehensive list of audits.

   Mr. Silvyn noted the Board's interest in a Study Session in February, and he would appreciate this Committee's feedback on the presentation's content. Mr. Silvyn will meet with a subset of this group to discuss this topic, and the conversation will be shared at the December meeting of this Committee.

7. **Discuss Vacant Seat on the Finance and Audit Committee (Tracy Nuckolls)**
   Dr. Tuchi previously provided a suggested name, and Ms. Regrutto suggests someone from the assurance side of risk. An individual with a community background may also be an asset, and there was a suggestion to identify backup individuals in case there are any additional changes in the membership of this Committee. Expectations for the time commitment are also important. The Chair will reach out to an individual to determine their interest.

8. **CFO Update (David Bea)**
   The notion of a bond oversight committee was discussed. The purview of this Committee aligns with some aspects of oversight, but there may be a need to create a separate group to look more toward the public relations aspect of the bonds. Mr. Clinco noted the work of the County's bond oversight committee. Its members champion the efforts of the County through the achievements of the bonds.

   Chair Nuckolls noted the importance of the word oversight, as this Committee serves that purpose; Mr. Clinco suggested Bond Advisory Committee and updating the website to describe the role of the Finance and Audit Committee in bond oversight. The County also uses their committee to review the projects, which is a management decision at the College. Mr. Clinco suggested reviewing the results of polling the community, as well as the potential timeline and the potential for other entities to go out for a vote, prior to creating a Bond Advisory Committee.

Information Items
9. **Future Agenda Items**
   a. Financial Aid Update
   b. Competency-Based Education
   c. Athletics
   d. Marketing
   e. Enrollment Management
   f. Student Payments Demo (December)
   g. Revisions to BP 4.07, Cash Reserves (December)

h. Vote on New Committee Member (December)
i. Notice of Transaction Review (December)
j. Audit and Legal Update (December)
k. Program Review Update

Adjournment

The meeting concluded at 11:43am.

Next Meeting:

December 13, 2019

District Office, D225

EXECUTIVE DASHBOARD

*****Draft Executive Dashboard*****

Audit Issues and Risks Identified As of November 30, 2019

Name	Descriptions	Management Corrective Action Plans (MCAP)	Status	Initial Risk Level	Risk Level After MCAP	Type of Risk(s)	Scope $	MCAP Estimated Target Completion Date	MCAP On Track, Implemented or Progress Made Since Jan., 1 2019	Comments/Auditor Notes
Aviation Center Controls Follow Up Audit	Cash Handling DME FAA Testing Fees	A DME FAA Testing Fee Agreement was developed and implemented.	■	High	Low	Financial Reputation	>$10k	Implemented	Yes	Follow up report planned to be issued late December 2019. DME FAA testing fee agreement developed with assistance of Legal.
		Assemble a committee of stakeholders (Aviation/Division Leadership, DME's, AR, Procurement, FAA, HR, and Legal) to develop comprehensiv	❖	High	Med	Financial Reputation	>$10K	July 1, 2020	Yes	New FAA testing fee cash handling controls and processes currently being developed by Aviation management with assistance from Finance management.

		e cash handling procedures.		High	Low				Yes	
	Aviation Building Security	New master key system and Traka key cabinet process. Additional work on security, e.g. cameras for Aviation will be funded. Newly identified needs of the existing space, as well as security needs of Aviation expansion will be assessed and implemented as part of the new construction project.	❖	High	Low	Security	>$100k	June 30, 2020	Yes	The Aviation Center building will be significantly expanded and will require security assessment during the construction process. Also, additional security cameras were recently requested by Aviation management.
2019 Annual College-wide Risk Assessment	Current High Risks College-wide identification	N/A	❖	High	High	Various	N/A	N/A	N/A	In-Progress. Scheduling Risk Assessment interviews. Survey sent to director level and above employees, due date Dec. 13, 2019. 97 Director level employees have received comprehensive Risk Assessment surveys. 2018 College-wide Risk Assessment completed.

Culture Audit	Pima organizational employee culture/climate assessment	Pima employee satisfaction survey results (climate survey)	✔	Med	Med	Employee Morale	N/A	TBD	Yes	In-Progress. An employee survey is currently being administered during December 2019 by a third-party to assess the employee climate, e.g. morale. Data to be available February, 2020.
Marketing & Advertising Request for Procurement (RFP) Vendor Selection Process Assessment	Final Vendor Selection Change Misunderstandings	Selection Committee signature acknowledgement enhancement.	✔	Med	Low	Financial	>$500 K	Implemented	Yes	Report to be issued late December 2019. Draft in process.
		Formal Standard Operation Procedures (SOP) procedures will be developed.	✔	Med	Med	Financial	>$500 K	Mar. 31, 2020	Yes	
		All exceptions to RFP procedures will require Procurement Director approval.	✔	High	Med	Financial	>$500 K	December 31, 2020	Yes	
		Formally documented procedures for RFP Committee Review	✔	High	Med	Financial	N/A	Dec. 31, 2020	Yes	

		Process will be developed.		High	Med				Yes	
	Vendor Selection Committee Minimum Participation Levels	Formal participant levels procedures to be developed based on best practices.	✓	High	Med	Financial	N/A	Dec. 31, 2020	Yes	
	Purchasing Training	Mandatory RFP committee member training is currently being developed.	✓	High	Med	Financial	N/A	March 31, 2020	Yes	
	Vendor Selection Committee Communication Process	Formal SOP procedures to be developed to improved communication.	✓	Med	Low	Financial	N/A	December 31, 2020	Yes	
	Purchasing File Approval Documentation Enhancement	Consistent application of formal SOP for RFP procedures to be implemented.	✓	Med	Low	Financial	N/A	March 31, 2021	Yes	
		Final vendor selection signature page will be directly attached to selection.	✓	Med	Low	Financial	N/A	Implemented	Yes	

		Emphasis being placed on transparency, due-diligence and ethics.	✓	Med	Low	Financial	N/A	Implemented	Yes
	Confidentiality Reminder Training	Mandatory RFP committee member training is currently being developed.	✓	High	Med	Financial	N/A	March 31, 2020	Yes
	Purchasing RFP Survey	A Purchasing RFP survey will be developed.	✓	Med	Low	Financial	N/A	March 31, 2021	Yes
		Procurement Director's "open-door" standard communicated to committee members.	✓	Med	Low	Financial	N/A	Implemented.	Yes
	Adjunct Faculty Compensation	Adjunct Faculty compensation for RFP committee participation being considered.	✓	High	Med	Financial Dept. of Labor Compliance	$>5K	March 31, 2021	Yes
	Participation Acknowledgement	Selection Committee members are	✓	Med	Low	Best Practice	N/A	Implemented	Yes

		thanked by Procurement staff.		Med	Low	Morale			Yes	
		A formal Procurement process will be developed to acknowledge participation.	✓	Med	Low	Best Practice Morale	N/A	December 31, 2020	Yes	
	Pima Mission and Values Acknowledgement by Vendor	Procurement Department vetting other college's processes to ensure mission and values are understood by vendors.	✓	Med	Low	Reputation	N/A	March 31, 2021	Yes	
	Purchasing Manual Procedure Documents Change Management Controls	Procurement will develop SOP procedures and institute a formal change management process for the College's Purchasing Manual.	✓	High	Med	Financial	N/A	March 31, 2021	Yes	
Higher Learning Commission (HLC)	Assessment of General Education, Course, and Program	Associate Provost is coordinating the writing of documentatio	❖	High	Med	HLC Accreditation Compliance	N/A	June 1, 2021	Yes	HLC Accreditation Status November 30, 2019. • PCC meets 100% of the HLC Criterion 1 Core Components.

Accreditation Compliance	Learning Outcomes; Faculty Participation; and Integration of Assessment and Program Review Results in the Budgeting Processes (3B, 4A,4B,5C)	n of evidence to address Two Monitoring Reports							• PCC meets 80% of HLC Criterion 2 and Criterion 3 Core Components. 20% met with concerns and need improvement. • PCC meets 33% of HLC Criterion 4 Core Component. 66% met with concerns and need improvement. • PCC meets 50% of HLC Criterion 5 Core Components. 50% met with concerns and need improvement
	Correction of Concerns Identified in 2017 Audit from the Arizona Auditor General: Financial Reporting, Student Financial Assistance Cluster, TRIO Cluster, Information Technology, and Purchasing Controls	Associate Provost is coordinating the writing of documentation of evidence to address Two Monitoring Reports	❖	High	Med	Federal Complia nce	N/A	June 1, 2021	Yes	

	(Federal Compliance, 2A,5A)									
U.S. Dept. of Education (DOE) Federal Student Financial Aid Assessment Audit	Fiscal Management; Policies and Procedures Deficient.	College will disburse funds once a week.	❖	High	Low	Federal Student Financial Aid Compliance	N/A	June 30, 2020	Yes	
	Enrollment Reporting; Non-compliant with rules and regulations	College has worked diligently to address this issue. PCC developed a document to keep track of corrective action with due dates.	❖	High	Low	Federal Student Financial Aid Compliance	N/A	Nov. 30, 2019	Yes	
	Return of Title IV	PCC collecting information on reasons for student withdrawals and evaluate impact ton default rates	■	High	Low	Student Financial Aid Compliance	>$100 k	Sept. 30, 2019	Yes	Completed.
	Default Management and Prevention	PCC to develop a task force and create at	❖	High	Med	Student Financial Aid Compliance	N/A	Jan. 31, 2020	Yes	

		Default Management Prevention Plan							Yes	
	Consumer Information	Policies and procedures are deficient. Missing elements, e.g. Notice of Federal Student Aid Penalties for Drug Law Violation	❖	High	Med	Student Financial Aid Compliance	N/A	Sep. 30, 2019	Yes	
	Policy and Procedure Manual deficient	Business process mapping in place to understand each offices business process. Next phase to develop Policies and procedures.	❖	High	Med	Student Financial Aid Compliance	N/A	Jan. 21, 2020	Yes	
	Satisfactory Academic Progress	PCC will develop a task force to put in a place a policy on how many times a student may change program of study	❖	High	Med	Student Financial Aid Compliance	N/A	Jan. 30, 2020	Yes	

	Direct Loans	College is on track to make modifications to existing processes	❖	High	Med	Student Financial Aid Compliance	N/A	Jan. 30, 2020	Yes	
College-wide Building Security and Access Control Working Group Committee	College-wide security and access controls for College building physical security, e.g. keyless entry and metal keys.	College-wide security and access control issues are addressed by the group of expert stakeholders	❖	High	Med	College Buildings Security	N/A	On-going	N/A	Director, Internal Audit actively participates in Committee and provides internal control guidance.
Human Resources (HR) Audit	HR Strategic Plan	In plan of work for 2020	➢	High	Med	Federal and State Compliance Governing HR	N/A	December 31, 2021	No	Note: The target completion dates are estimates by Rachel Schaming, Interim Transition Officer, ELT member and HR Professional. The dates are subject to change. HR Strategic Plan will tie to PCC's SP – **0% completed.**
	Talent Management (recruiting)	Significant progress in streamlining processes & reducing time-to-hire	❖	High	Low	Federal and State Compliance Governing HR	N/A	On-going	Yes	Continuing to work on reducing time-to-hire # of days – **75% complete (on-going process to reduce hiring cycle # of days).**
	Diversity and Equal Employmen	A conscious focus by the HR Team to create employment	◼	High	Low	Federal and State Complia	N/A	Implemented/ongoing.	Yes	Well defined recruiting processes and position selection criteria- **100% complete.**

				High	Low	nce Governing HR				
	t Opportunity	opportunities for all		High	Low	nce Governing HR			(green)	
	HR Staff Competencies (credentialing)	Significant progress – all HR consultants achieved PHR credentialing status in 2019	■	High	Low	Federal and State Compliance Governing HR	N/A	Implemented.	Yes	Outstanding achievement – Newer HR employees are arriving with the PHR – **100% complete.**
	Employee Relations	Step-by-step discipline process being developed in 1st Q of 2020	➤	High	Med	Federal and State Compliance Governing HR	N/A	March 31, 2020	Yes	Supervisor training will support how to follow the new process in alignment with new PCC policies – **0% complete. Estimated time to complete March 2020.**
	Comp/Class	College is in final stage of selecting a comp/class consultant for work in 1st Q of 2020 – **0% completion**	➤	High	Med	Federal and State Compliance Governing HR	$ TBD	June 30, 2020	Yes	Disparities in comp/class may emerge over time. **0% completion – first phase – data gathering and analysis estimated to be completed by end of June 2020 – integration of recommendations make take 2+ years.**
	OE/Training	Training & development curriculum	✓	Low	Med	Training & Development curriculum	N/A	June 30, 2020	Yes	New hire on-boarding updated, (100% completed). New development courses being created or revised – **50% completed – estimated time to complete June 2020.**
	HRIS	E-system manages all employee data. The HRIS is primarily managed in ESC.	■	High	Low		N/A	Implemented/ongoing.	Yes	Well-defined process to confidentially manage all employee data - **100% completed**

	HR Technology	New HR professional has been hired to escalate implementation of the Cornerstone system	❖	High	High		N/A	December 31, 2020	Yes	Streamlines all HR processes – eliminates excessive manual processes-**30% complete – estimated time to complete December 2020.**
	Workforce Staffing Analysis – institution-wide	Determines current employee competencies, identifies future skills needed and detects competency gaps	➤	High	Med		N/A	TBD. Not currently scheduled.	No	This analyses surfaces employee development needs, misalignment of talent & process improvement opportunities – **Not currently scheduled.**
	HR Metrics/Reporting	Identifies trends in hiring, departures, employee relations issues & training needs. EX: If turnover is high in a specific department; there may be an opportunity to develop the manager's coaching skills.	✔	High	High		N/A	December 31, 2020	Yes	**In plan of work for 2020.** **10% completed – estimate key metrics will be in place by December 2020.**
	HR Facilities/Equipment	N/A	◼	Low	Low	N/A	N/A	N/A	N/A	HR Facilities/equipment is adequate.
Intercollegiate Athletics Follow Up Audit	Athletics does not have adequate	Enhanced cash handling controls for Athletics gate	❖	High	Med	Financial	>$10k	2018	Yes	Intercollegiate Athletics Follow Up audit on Audit Plan. Will complete as audit resources become available.

	internal controls over the gate receipts process; and athletics' procedures and PCC cash handling cash handling processes were not followed.	receipts developed.		🟥	🟨				🟩	
	Student-athlete files did not contain all the required documentation to determine eligibility.	Student-athlete file documentation enhancement.	◆◆	High	Med	NJCAA regulations	N/A	2018	Yes	
	Athletics reported students to NJCAA as participating in error.	Enhancement and oversight of NJCAA reporting improvements.	◆◆	Med	Low	NJCAA regulations	N/A	2018	Yes	
	Athletics does not adequately secure student-athlete data used to	Student-athlete files moved to District Office. Secured location within Office	■	High	Low	FERPA	N/A	2018	Yes	

	determine eligibility. Note: Active files are secured. Archived files are not secured.	of the Registrar.		High					Yes	
	Athletics donations are not processed and deposited in a timely manner	PCC Foundation manages donations. Prior process changed.	❖	High	Med	Financial	>$50k	2018	Yes	
	Processes for the receipt of donations and use of the fundraising dollars are not adequate.	PCC Foundation manages donations. Prior process changed.	❖	High	Med	Financial	>$50k	2018	Yes	
	The athlete physical examination verification process, and access controls for the physical examination database are inadequate.	Athletics trainers changed process to limit access to physical examination data for student-athletes.	■	High	Low	FERPA IT controls	N/A	Implemented/ongoing.	Yes	

				High	Low	Operations Efficiency	N/A	2018	Yes	
	Cross-training and eligibility system access controls are inadequate.	Cross-training is planned and enhancement of system access to limit only to those with a business need.	❖	High	Low	Operations Efficiency	N/A	2018	Yes	
	Purchasing card and travel expense policy and procedures were not consistently followed.	Purchasing Card Manual procedures to be followed.	■	High	Med	Financial Purchasing Card Manual compliance	>$50k	Implemented/ongoing.	Yes	
	Written Athletics Department procedures are not regularly developed, reviewed and approved.	Athletics regularly updates Department policies.	❖	High	Med	NJCAA Best Practices	N/A	Ongoing	Yes	
	Cross-training is incomplete for key office support staff positions.	Cross-training to be provided to office support staff.	❖	High	Med	Operations efficiency	N/A	Ongoing	Yes	

				Likelihood	Impact	Risk Type	Exposure	Target Date	Included	Comments
	Coordination of NJCAA eligibility efforts between Athletics Administration, coaches, student athletes and eligibility support staff is weak.	Efforts to coordinate and communicate efforts through meetings developed.	❖	High	Med	Operations efficiency	N/A	Ongoing	Yes	
International Students – Cash Handling Controls	Cash Handling Internal Control Issues	2019 Summer Chinese Student program cash handling controls issues.	✓	High	High	Financial Compliance Theft and Fraud	>$25k	March 31, 2021	Yes	2019 Chinese Partner Higher Education Institutions Payment Issues for Summer Program. Director, Internal Audit, is currently working with International Students Office and Finance to improve cash handling controls and processes prior to next summer program.
Center for International Education and Global Engagement Audit (International Students Office) Follow Up Audit	Written departmental operating procedures do not exist.	Written department operating procedures to be developed.	■	High	Med	Operational efficiency	N/A	Ongoing	Yes	International Students Follow Up audit on Audit Plan. Will perform follow up audit as resources are available.
	Prior to August 2015 International J1 student visas were	On-campus employment information to be provided to	■	High	Low	U.S. Department of State	N/A	Implemented/ongoing.	Yes	

	not provided with the required on-campus employment information delineating where the student can work.	J1 student visa holders.		High		regulations			Yes
	Prior to August 2015 the International Student Services Office did not have a process in place to monitor academic progress of international students.	Academic progress for International students to be monitored.	❖	High	Low	U.S. Department of State regulations	N/A	Implemented/ongoing.	Yes
	Prior to August 2015 the International Student Services Office did not have a process/system in place to	Banner system review process to be developed regarding visa changes and status.	❖	High	Low	U.S. Department of State regulations	N/A	Implemented/ongoing.	Yes

	periodically review all Banner system records for changes in visa status.			High	Low			Yes
	Prior to August 2015 no process was in place to ensure that all international students have provided a current address and telephone number, as required.	International students will be required to provide a current address and telephone number.	❖	High	Low	U.S. Department of State regulations	N/A.	Implemented/Ongoing.	Yes
	Records of student application fees are not consistently maintained for students with visas issued by other schools or students with non-F1 visas.	Application fee records will be maintained in files.	❖	High	Low	U.S. Department of State regulations	N/A	Implemented/ongoing.	Yes

	Risk	Recommendation		Likelihood	Impact	Regulation	Cost	Status	Accepted	
	Visa codes in the Banner system are not always accurately applied by ISSO staff	Training to be provided to staff regarding Visa codes.	❖	High	Low	U.S. Department of State regulations	N/A	Implemented/ongoing.	Yes	
	A process is not in place to identify or prevent international students from bypassing the ISSO international student application and utilizing a domestic application	IT to be contacted to develop controls to prevent International students from using a domestic application.	❖	High	Low	U.S. Department of State regulations	N/A.	Implemented/ongoing.	Yes	
	A written contract for the fall 2015 Becalos program (sponsored by the Mexican government) does not exist.	A written contract will be required for all Becalos programs.	❖	High	Low	Financial Reputation	>$50k	Ongoing.	Yes	
	College email systems utilized to	IT to develop an encrypted email system.	❖	High	Low	Data security FERPA	N/A	Implemented/ongoing.	Yes	

	collect internationa l student data were not secure (unencrypte d email)			High	Low				Yes
	No ISSO records disposal compliance plan existed prior to November 24, 2015	A records disposal plan for ISSO will be developed.	❖	High	Low	Records retention regulatio ns	N/A	Implement ed/ongoing .	Yes
Automotive Audit	Automotive building was not secured to prevent unauthorize d access.		❖	High	Med	Security Theft Financial	>$100 k	March 31, 2019	Yes
	A complete and current Automotive Program inventory listing – including all automotive parts,	The Applied Technology division will develop a complete inventory list to account for all equipment, tools, and	❖	High	Low	Financial Theft	>$100 k	December 31, 2017/ ongoing.	Yes

	supplies and hand tools – is not available.	supplies within the Automotive Lab.	❖	[red]	[green]				[green]	
	Automotive job placement rate information is not consistently maintained or analyzed for all Automotive students.	The Applied Technology division will develop a job placement tracking process to analyze job placement of all Automotive students.	❖	Med	Low	Program Effectiveness measurement	N/A	December 31, 2017/ongoing.	Yes	
Clery Act Compliance Monitoring	Campus Security Act Authorities Clery Act Training	PCC Police Commander works to actively monitor over 300 trainees completion rates, works to communicate with supervisors about importance of training. Goal is 100% completion rate.	❖	High	Low	Clery Act compliance	N/A	December 31, 2017	Yes	Clery Compliance Act monitoring on Audit Plan. Will be audited as resources become available.

	Campus Emergency Contact Lists	The College's Emergency Response Plan is being reviewed to reflect the new administrative organization of the organization.	❖	High	Low	Security	N/A	Fall 2017	Yes	
	CSA Crime Survey Reporting	Clery Compliance Office to work with IT to develop new web page to help CSA's report crimes and monitor.	❖	High	Low	Clery Act complia nce	N/A	Fall 2017	Yes	
Information Technology: Data Security, Cybersecuri ty Training & Business Continuity Planning	A complete and comprehens ive written College-wide Business Continuity Plan/Disaste r Recovery Plan (BCP/DR) does not exist; however elements of	The IS Assistant Vice Chancellor and Director of Cybersecurity will continue to work to address the IT conditions and complete the BCP/DR plan.	❖	High	High	IT Complia nce	N/A	September 30, 2017	Yes	The AG Auditor General has recently focused heavily upon IT security issues and has provided guidance.

	an IT DR Plan have been created.			High (red)	Med (red)				Yes	
	Annual Cybersecurity training is not provided to all College employees; however IT cybersecurity training is provided to new employees during the on-boarding process	The Director of Cybersecurity is planning to issue an RFP to obtain a third-party cybersecurity training vendor.	❖	High	Med	IT compliance	N/A	September 30, 2017	Yes	
Health Insurance Portability and Accountability Act (HIPPA) Data Security	A College-wide Data Security Policy does not exist.	An IT Compliance System is currently in the planning stages that will include a HIPAA compliance component.	❖	High	Med	IT Compliance HIPAA Compliance	Varies by HIPAA Fines	May 2019	Yes	HIPAA Data Security on Audit Plan.
	College's pharmacy benefits vendor sending unencrypted emails and reports containing	ESC plans to diligently monitor Pharmacy benefits vendor emails	❖	High	Med	HIPAA compliance HIPAA Fines	Varies by HIPAA Fines	Ongoing	Yes	College's Pharmacy Benefits Vendor has recently changed.

ePHI to ESC management.	to ensure they are encrypted.		High	Med				Yes	
	Numerous confidential IT related HIPAA control issues.	Various IT plans to address issues.	❖	High	Med	HIPAA compliance	Varies by HIPAA Fines	Ongoing	Yes

IMPLEMENTATION STATUS CLASSIFICATIONS

The implementation of each corrective action is classified into one of the following four (4) status categories below:

Status Classifications	Descriptions	Tickmark
Addressed	Implemented at 100% or risk/issue addressed.	■
Substantially Complete > 50%	Substantially complete with more than 50% completion; but less than 100%.	❖
Partially Complete ≤ 50%	Partially complete with less than 50% completion; but more than 0%.	✓
No Progress	No progress observed or action taken.	➤

Additional Office of the Internal Auditor Information:

- Additional Special Projects: Recruitment of a Staff Internal Auditor, Information graphic for Internal Audit on planned new College website Marketing working on, and administrative duties.
- Note 1: Due to the dynamic environment of the College and risk environment, the plan will be reviewed and updated as necessary. The 2019 Risk Assessment will provide current risks facing the College and will be reviewed with the Finance and Audit Committee and the Board. The new Audit Plan will be developed based on the highest current risks facing the College.
- Note 2: The hiring of one Staff Internal Auditor will provide additional on-site Internal Audit resources after employee onboarding and required training is completed. This recruitment is currently in-progress after a prior failed search during 2019. A second recruitment was initiated with HR assistance. Final interviews are scheduled during December 2019 and a potential start date is during January 2020, depending on outcomes of interviews.

Notice of Transaction Review FAQs

What is the purpose of the Notice of Transaction Review (NTR)?

External entities such as program, State, and Federal auditors as well as accreditation bodies expect the College to have proper internal controls and sound business process practices in place that assure expenditure of public monies is compliant with regulatory requirements in addition to demonstrating the College is effectively fulfilling its role as a fiscal steward of public funds. The Notice of Transaction Review is a means by which the Finance and Business Services Division demonstrates the College is meeting the fiscal stewardship expectations from authoritative bodies and the public trust by having an established process to review transactions. Such reviews can identify situations in which policies or procedures need to be clarified or where an employee did not have sufficient understanding of policies or procedures.

When is a Notice of Transaction Review issued?

An NTR is issued when an expenditure transaction raises significant questions about whether it aligns with or sufficiently demonstrates compliance with one or more policy standards and/or regulatory requirements applicable to the transaction.

Why did I receive the NTR?

The NTR will be issued to the individual who incurred the expenditure transaction or makes request for reimbursement of the expenditure transaction to obtain additional information to clarify the transaction.

Why did my supervisor also receive the NTR?

Supervisors are responsible for reviewing and approving expenditures and requests for reimbursement made by assigned staff. Supervisors are also responsible to ensure that assigned staff follow and abide by College policies and compliance standards. The NTR provides the supervisor with an opportunity to provide additional clarifying information and to learn when changes in practices in the areas under the supervisor might be necessary.

Will I and/or my supervisor have the opportunity to provide additional information and documentation to demonstrate expenditure compliance?

Absolutely. The purpose of the NTR is to collect such information.

Providing additional information and documentation that demonstrates the expenditure is compliant is expected and must be submitted on or before the tenth (10) business day from the NTR issue date.

What happens if no additional information and documentation to demonstrate expenditure compliance is provided by the tenth business day?

The action noted as the proposed disposition on the NTR will take place.

What happens if additional information and documentation to demonstrate expenditure compliance is submitted by the submission deadline?

Review of submitted information and documentation will be conducted to determine if the expenditure meets compliance standard(s) or the compliance deficiency addressed. The employee and supervisor will be informed of the final disposition determination by close of the fifteenth (15) business day from NTR issue date.

PimaCommunityCollege
Finance and Business Services

What can I do to avoid receiving an NTR?

The departments that make up the Finance and Business Services Division are your resource to request interpretation and clarification of expenditure policy, assistance on the appropriate procedure to follow as well as guidance on the documentation to submit to satisfy compliance standards. When in doubt, please reach out to one of the following departments:

- business-services@pima.edu   206-2079
- pcc-travel@pima.edu   206-4594
- pcc-purchasing@pima.edu   206-4759

How long will the NTR remain on file?

The NTR record will remain on file in accordance with the Records Retention Schedule.

Why is a copy of the NTR provided to the Office of Internal Audit?

The Finance and Business Services Division partners and collaborates with the Office of Internal Audit to identify areas to improve internal controls, mitigate compliance risk, clarify policy/procedure, and promote best practices in demonstrating sound fiscal stewardship.

Notice of Transaction Review

NTR#   Issue Date:

Description of expenditure transaction:

Applicable compliance standards:

- .
- .
- .

The expenditure transaction as presented/submitted with any associated attachment either does not meet or is deficient in meeting the compliance standards listed above.

Proposed disposition:

Compliance review conducted by:

Peer review conducted by:

Employee and/or Supervisor may submit additional compliance documentation for additional review within 10 (ten) business days from Notice of Transaction Review issue date.

If no additional documentation is provided by close of the tenth business day, the proposed disposition noted above will become the final disposition and the Notice of Transaction Review record closed.

If additional documentation is provided on or before the close of the tenth business day, the employee and supervisor will be informed of the final disposition determination by close of the fifteenth (15) business day from Notice of Transaction Review issue date and the record closed.

The Notice of Transaction Review record will remain on file in accordance with the Records Retention Schedule.

Copy of the Notice of Transaction Review record will be provided to the Office of Internal Audit.

Revenue Bond Projects - Inception to Date

FY=20 Period=14

FUND	FUND_DESC	Revenues	Personnel	Other Expenditures	Transfers	Fund Balance
581999	Rev Bonds Control Fund	66,005,122	0	(443,102)	(3,445,536)	62,116,484
5R8000	**RVB PROJ - Control**	**66,005,122**	**0**	**(443,102)**	**(3,445,536)**	**62,116,484**
581001	RVB Proj -Advanced Mfg.New Bldg	0	0	(968,551)	207,652	(760,899)
5R8001	**RVB PROJ - Applied Tech- Building**	**0**	**0**	**(968,551)**	**207,652**	**(760,899)**
581003	RVB Proj - Transportation New Bldg	0	0	(417,421)	207,859	(209,562)
5R8002	**RVB PROJ - AppTech COE AE WFD SS**	**0**	**0**	**(417,421)**	**207,859**	**(209,562)**
581005	RVB Proj - ST Bldg Renovations	0	0	(93,649)	33,905	(59,745)
5R8003	**RVB PROJ - AppTech Weld,Mach,Engr,M**	**0**	**0**	**(93,649)**	**33,905**	**(59,745)**
581007	RVB Proj - AppTech Makerspace CAD	0	0	(1,787)	1,750	(37)
5R8004	**RVB PROJ - AppTech Makerspace CAD**	**0**	**0**	**(1,787)**	**1,750**	**(37)**
581011	RVB Proj -DC Copper RE	0	0	(1,373,263)	1,373,263	0
581009	RVB Proj -DC Frontier RE	0	0	(1,361,845)	1,361,845	0
581036	RVB Proj -DC RE Infrastructure Dev	0	0	(40,000)	0	(40,000)
581034	RVB Proj -DC 333 W Drachman (FT2)	0	0	(1,721,710)	10,000	(1,711,710)
581032	RVB Proj -DC Historic Assessment	0	0	(44,376)	44,376	0
5R8005	**RVB -DC Campus Expansion & Developm**	**0**	**0**	**(4,541,195)**	**2,789,484**	**(1,751,710)**
581013	RVB Proj -PSI ESI	0	0	(1,078)	0	(1,078)
5R8007	**RVB PROJ -PSEI EMSI**	**0**	**0**	**(1,078)**	**0**	**(1,078)**
581015	RVB Proj -Science Labs	0	0	(3,315)	0	(3,315)
5R8008	**RVB PROJ -Science Labs**	**0**	**0**	**(3,315)**	**0**	**(3,315)**
581017	RVB Proj -Allied Health COE	0	0	(7,496)	7,496	0
5R8009	**RVB PROJ -Allied Health COE**	**0**	**0**	**(7,496)**	**7,496**	**0**
581019	RVB Proj -EC Bookstore/Food Svc	0	0	(219,002)	50,633	(168,369)
5R8010	**RVB PROJ -EC Bookstore/Food Svc**	**0**	**0**	**(219,002)**	**50,633**	**(168,369)**
581021	RVB Proj -DC Bookstore/Food Svc	0	0	(584,306)	137,246	(447,059)
5R8011	**RVB PROJ -DC Bookstore/Food Svc**	**0**	**0**	**(584,306)**	**137,246**	**(447,059)**
581023	RVB Proj -NW Bookstore/Food Svc	0	0	(9,650)	3,642	(6,008)
5R8012	**RVB PROJ -NW Bookstore/Food Svc**	**0**	**0**	**(9,650)**	**3,642**	**(6,008)**
581025	RVB Proj -WC Campus Store	0	0	0	0	0
5R8013	**RVB PROJ -WC Bookstore/Food Svc**	**0**	**0**	**0**	**0**	**0**
581027	RVB Proj -DV Cafe	0	0	0	0	0
5R8014	**RVB PROJ -DV Bookstore/Food Svc**	**0**	**0**	**0**	**0**	**0**

PimaCommunityCollege

Revenue Bond Projects - Inception to Date

FY=20 Period=14

FUND	FUND_DESC	Revenues	Personnel	Other Expenditures	Transfers	Fund Balance
500005	"Revenue Bonds" Revenue	0	0	0	0	0
5RVBND	**Revenue Bond Funded Projects**	**0**	**0**	**0**	**0**	**0**
		66,005,122	**0**	**(7,290,551)**	**(5,870)**	**58,708,700**