



Governing Board's Finance and Audit Committee
Meeting Notice and Agenda*
Friday, February 19, 2021
9:00am
Virtual Meeting#

General Matters

- | | | |
|------------------|----------------|--------|
| 1. Call to Order | Tracy Nuckolls | 9:00am |
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Action Items

- | | | |
|---|----------------|--------|
| 2. Approval of Minutes from December 11, 2020 | Tracy Nuckolls | 9:05am |
|---|----------------|--------|

Reports and Feedback

- | | | |
|---|---|---------|
| 3. Office of the Auditor General | Katherine Edwards Decker | 9:10am |
| 4. Internal Audit Update | Jose Saldamando, Jeff Silvyn | 9:45am |
| a. Internal Audit Q1 2021 Report | | |
| 5. Update on Center for International Education and Global Engagement (CIEGE) | David Bea, Bruce Moses,
Jose Saldamando, Jeff Silvyn | 9:55am |
| 6. Enterprise Risk Management | Bruce Moses, David Parker | 10:05am |
| 7. FY20 Comprehensive Annual Financial Report Presentation | Agnes Maina | 10:15am |
| 8. Meeting Schedule | Tracy Nuckolls | 10:30am |
| 9. CFO Update | David Bea | 10:35am |
| a. Revenue Bonds | | |
| b. Study Session Presentation from February 15, 2021 | | |
| c. FY22 Expenditure Limitation | | |

Effectiveness Discussion

Information Items

- | | | |
|---------------------------------|--|--|
| 10. Future Agenda Items | | |
| a. Investment Update (April) | | |
| b. Enrollment Trends (April) | | |
| c. Prop 481 (April) | | |
| d. Committee Membership (April) | | |
| e. Marketing | | |

Adjournment

Next Meeting
April 16, 2021
Zoom Webinar

***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.

#VIRTUAL MEETING

Following the guidance of public health officials, the College has closed its facilities to the public and allows only restricted access for essential personnel to promote social distancing and limit the spread of the coronavirus. Accordingly, the Finance and Audit Committee will conduct this meeting through remote technology only. Members of the public interested in following the proceedings may do so via Zoom webinar.

Please click the link below to join the webinar: <https://pima.zoom.us/j/93272579459>

Or join by phone:

Dial(for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 646 558 8656 or +1 301 715 8592 or
+1 312 626 6799

Webinar ID: 932 7257 9459

International numbers available: <https://pima.zoom.us/j/ab2YYb6mPj>



Governing Board's Finance and Audit Committee

Friday, December 11, 2020

9:00am

Virtual Meeting - Zoom Webinar

Meeting Minutes

In Attendance:

Tracy Nuckolls (Chair), David Bea (Ex-Officio), Demion Clinco, Ken Marcus, Ben Tuchi, Jesus Manzanedo, Agnes Maina (Ex-Officio), Maria Garcia

Unable to Attend:

Scott Odom, Clarence Vatne, Daniel Soza (Ex-Officio)

Guests:

John Utter, RBC; Chancellor Lee Lambert; Internal Auditor Jose Saldamando; General Counsel Jeff Silvyn

General Matters

1. Call to Order

Chair Tracy Nuckolls called the meeting to order at 9:03am, noting a quorum was met.

Action Items

2. Approval of Minutes from October 23, 2020

Chair Nuckolls asked if the Committee had any changes to the minutes. With one non-substantive change, a motion was made to approve the minutes.

Motion No. 202012-01: Approve Minutes from October 23, 2020

First: Ken Marcus

Second: Maria Garcia

Vote: Motion passed unanimously (Nuckolls, Clinco, Marcus, Tuchi, Manzanedo, Garcia voting in favor)

Motion Carried.

3. Revisions to Committee Charter (Tracy Nuckolls)

Chair Nuckolls introduced the purpose for revising the Charter, which is to clarify the terms for Committee members. Since the work of this Committee happens during the Fiscal Year, but terms could begin at any time, the new language provided by General Counsel Jeff Silvyn clarifies the membership period.

Chair Nuckolls asked if there was a recommendation to approve the proposed revisions, and a motion was made:

Motion No. 202012-02: Approve Revisions to Committee Charter

First: Ken Marcus

Second: Ben Tuchi

Vote: Motion passed unanimously (Nuckolls, Clinco, Marcus, Tuchi, Manzanedo, Garcia voting in favor)

Motion Carried.

The revised charter will be presented to the Governing Board for review and approval at their January 11, 2021 meeting.

4. Nomination of Chair-Elect (Tracy Nuckolls)

With the departure of Ms. Adrienne Regrutto from the Committee a few months ago, there is a need to select a Chair-Elect. Chair Nuckolls met with Mr. Scott Odom, who is willing to serve in the role. Mr. Ken Marcus concurred, as Mr. Odom has tenure on this Committee.

Chair Nuckolls asked if there was a recommendation to approve Mr. Odom as the Chair-Elect, and a motion was made:

Motion No. 202012-03: Approve Scott Odom as Chair-Elect

First: Ken Marcus

Second: Ben Tuchi

Vote: Motion passed unanimously (Nuckolls, Clinco, Marcus, Tuchi, Manzanedo, Garcia voting in favor)

Motion Carried.

As a note, Chair Nuckolls' term on this Committee will conclude this Summer. Additional vacancies will also occur for the seats filled by Mr. Clarence Vatne and Mr. Jesus Manzanedo, and there are two seats currently vacant on this Committee. Each member plays a particular role due to their background and expertise, and there is a need to begin filling vacancies and planning for departures.

Reports and Feedback

5. Investment Update (John Utter)

Mr. John Utter from RBC Global Asset Management joined to provide an update on the College's investment portfolio. Overall performance has improved since the first quarter of this year, and there have been minor changes overall in the 1-3 Year Portfolio. He discussed the yield, moving into the College's Ultra Short Portfolio.

The market outlook provides a view of the U.S. COVID-19 Recovery - retail is up, while production and restaurants are down. The federal response through the U.S. fiscal stimulus was strong, and there is a likelihood for additional stimulus dollars. Mr. Utter continued with an overview of the credit market environment, describing the liquidity trends of larger corporations and low global interest rates.

COVID-19 will lead to continued uncertainty in global growth, but the vaccine provides an outlook toward steady recovery and reopening. Mr. Nuckolls asked if there are sectors the portfolio is avoiding, as communications, utilities, and banks are the current focus. There are challenges for retail businesses not already actively shipping goods to their consumers, as well as for real estate since many entities are reevaluating their space needs. Dr. David Bea inquired about residential real estate, which Mr. Utter stated has a sharp contrast between a strong market and the potential for evictions nationwide. Mr. Utter departed the meeting.

Mr. Tuchi asked about the future position of the College, as so many higher education institutions are facing unprecedented enrollment drops and may go out of business. Dr. Bea noted that the Governing Board will be having a discussion on this at their January meeting, and Ms. Maria Garcia asked this Committee to discuss the budget capacity provided by Proposition 481 in light of enrollment recovery and the construction of new, physical facilities while PimaOnline is growing.

6. Chancellor Update (Lee Lambert)

Chancellor Lee Lambert joined and thanked this Committee for their work and contributions to the College. He provided additional information on enrollment trends both nationally and statewide. PCC enrollment for Spring 2021 is currently low, and the College faces competition by mega universities. The College is currently re-evaluating the Educational and Facilities Master Plans, and enrollment is a consideration; the Centers of Excellence concept has been affirmed to be a strong draw for PCC in the future and a way to differentiate from other institutions.

Ms. Garcia is concerned about tuition and fees, as Pell may not always cover the costs of education and students have to make difficult decisions to balance their personal expenses. Chancellor Lambert noted that Arizona lacks some of the student support structures provided by other states, and the College is seeking new funding sources to provide resources to create state-of-the-art facilities. He also noted the College has a large number of campus and physical locations when compared to similar institutions. The Centers will allow the College to train incumbent workers, providing additional enrollment.

Chair Nuckolls inquired about scholarships, and the College is creating robust internal programs. Mr. Tuchi inquired about leasing additional space. The College has partnerships with other educational institutions, but Chancellor Lambert stated it may be time to model Arizona State University and seek corporate partnerships. Dr. Bea noted that it may also be time to reduce outside leased space and fold those functions back into the campuses. As the new facilities come on board, old spaces may be leased or sold. The campus designation also allows the College to apply for grant programs at multiple locations within the District.

Chancellor Lambert concluded with a statement about the financial health of PCC, which minimized the impact of the COVID-19 pandemic. Chair Nuckolls thanked Chancellor Lambert for his update.

7. Internal Audit Update (Jose Saldamando, Jeff Silvyn)

Mr. Jose Saldamando introduced the first topic, the Center for International Education and Global Engagement (CIEGE) Audit Report. He described the scope of the audit and the testing methods, continuing with the Executive Summary of Findings. Mr. Saldamando outlined the remediation plans and the timelines by which management will complete them. Ms. Garcia asked about utilization of existing systems to manage contracts and renewal dates; Mr. Silvyn noted that a recommendation from this audit is for the CIEGE department to engage with Contract Services to ensure all agreements are being managed by this system.

Chair Nuckolls asked about any adverse challenges related to the student and the health insurance coverage. Mr. Manzanedo stated that there was a lack of oversight from the department management, and Mr. Saldamando said that was a component of the remediation discussion with management. Mr. Demion Clinco commended the clear drafting of this report and the remediation associated, and Mr. Nuckolls concurred, noting its use as a management tool.

Mr. Jeff Silvyn noted that the audit was initiated after an employee raised a concern. Further, the CIEGE department was moved under Dr. Bruce Moses, Vice Chancellor for Educational Services and Institutional Integrity, who completed a top-to-bottom compliance review. Mr. Clinco asked about timelines for completion of remediation, and Mr. Saldamando described how he will follow up with CIEGE; his next quarterly report will provide an update on the status of these findings.

As a general note, Mr. Nuckolls acknowledged the challenges when moving from a paper-based to an electronic contract management system.

Highlights from the Quarterly Report include the current Clery Act Compliance audit, as well as continued work with the Security and Access Control Work Group. Mr. Saldamando met with a representative at CliftonLarsonAllen to develop a proposal for the upcoming Purchasing Audit, which was requested by the Governing Board. He continued with an update on the number of findings still unresolved, noting that management has been actively working to close open issues. There is still follow up needed by the Information Technology (IT) Department as change management processes are being documented to close findings from the Auditor General. Future topics will include contracts and purchasing, Human Resources, Payroll, and IT.

Chair Nuckolls asked about closing Health Insurance Portability and Accountability Act items, a topic on which this Committee has previously been briefed. Mr. Saldamando will prepare an update for the February 2021 meeting.

8. CFO Update (David Bea)

Dr. Bea began with an update on expenditures from the Revenue Bonds, stating that 85% of the expenditures will be committed within the three-year deadline.

Related to the election, Proposition 481 passed with approximately 70% approval, which was a show of significant support for the College by the voters of Pima County. An update was provided to the Governing Board at their Study Session on December 7, 2020, and Dr. Bea shared information on Expenditure Limitation over the last ten fiscal years and the strategies utilized by the College to reduce expenses.

Dr. Bea continued with proposed revisions to two Board Policies, BP 4.01 - Institutional Budget and Financial Controls, and BP 4.07 - Financial Stability. The revisions will provide further authority at the Governing Board level to establish reserves and investments, and language was added to define the College's long-term liabilities, such as the revenue bond covenants and more recent conversations related to the development of a funding policy for the Public Safety Personnel Retirement System.

Information Items

9. Future Agenda Items

- a. Office of the Arizona Auditor General (February)
- b. Internal Audit (February)
- c. Enterprise Risk Management (February)
- d. FY20 Comprehensive Annual Financial Report Presentation (February)
- e. Enrollment and Prop 481 (April)
- f. Marketing
- g. Enrollment Management

Adjournment

The meeting concluded at 11:02am.

Next Meeting:

February 19, 2021

Virtual Meeting - Zoom Webinar



**Office of the Internal Auditor Executive Summary Quarterly Report
February 2021**

The Office of the Internal Auditor Executive Summary Quarterly Report is designed to provide an overview of the department activities, status of open audit findings, audit plan activities and important compliance items. The report includes the following sections: General Department Update, Audit Recap, Audit Plan and Important Compliance Items and Guidance.

General Department Update

The Office of the Internal Auditor (OIA) continues to monitor and follow-up with management on all open audit findings. During the 2020 calendar year, the OIA closed a total of 79 audit findings (or 81%) out of the 98 audit findings. This significant progress was possible with the assistance from management from various departments. See the Audit Recap section below for more details.

The OIA is currently conducting the Clery Act Compliance Audit. The audit objectives are to determine: whether Pima Community College's (PCC) is in compliance with gathering reports of crimes and fires statistics; accuracy of the latest crime statistics in the College's 2019-2020 Campus Security and Fire Safety Report; and evaluate the current policies and procedures related to Clery Act. Management is working on providing additional requested documentation and answering follow-up questions. More details will be provided in the next quarterly report.

The OIA reached out to Rachel Schaming, Executive Coach-Organizational Consultant-Facilitator, regarding a Human Resources (HR) review she completed for PCC. Although there was no report issued to HR Management, on January 19, 2021, she provided an Executive Summary report to the Chancellor. There were no findings noted; only best practices recommendations. This was a follow-up review to the Baker-Tilly Audit which was completed in January 2015. Internal Auditor will share the Executive Summary Report with HR Management this month.

During the months of January and February, Internal Auditor attended the Security and Access Control Work Group (SACG) meetings. The SACG is a monitoring work group comprised of designated representatives from various departments (e.g. College Police, Human Resources, Information Technology, Environmental Health and Safety, etc.) that define and recommend standards for College access control within the Security and Access Control Operating Procedures. The role of the OIA is to assess and make recommendation on the effectiveness of the existing and new/proposed controls. The attendance at these meetings also allows Internal Auditor to monitor progress on the access control project which will take until 2023 to complete. The group meets every two weeks.

The OIA continues working with the Strategy, Analytics and Research (STAR) Department on process effectiveness (e.g. determine methods that could be used to evaluate effectiveness among multiple areas/units, identify and use system(s) data to evaluate processes and determine control efficiencies and effectiveness, etc.). The Chief Strategist, Assistant Vice Chancellor of Strategy,



Analytics and Research is setting-up a meeting with key personnel from various departments to discuss information.

In addition, the OIA is also working with management from various departments on College-wide projects. Some of these projects include: Job Placement Rates (e.g. to ensure programs are meeting the needs of students and industry) and Information Technology Data Security Committee.

On January 26, 2021, Internal Auditor met with Corey Arvizu, Partner at HeinfeldMeech (HM), to gain an understanding of the consulting services offered to higher education institutions. HM provided a Statement of Qualifications and existing pricing agreements with the State of Arizona and City of Tucson. A proposal will be requested for the upcoming Purchasing Audit requested by the Governing Board. The CliftonLarsonAllen (CLA) and HM proposals will be submitted to the College Procurement Office for review soon. More details will be provided in the next quarterly report.

During the past quarter, Internal Auditor attended several virtual webinars. Some of these include: Hot Topics in Higher Education Auditing; How to Prepare for 2021 Cybersecurity Trends; Enterprise Risk Management (ERM) and Internal Audit: Anticipating and Addressing Risks in 2021; and Pima Community College Wellness Webinars. Some webinars offered Continuing Professional Education (CPE) credits.

Audit Recap

During the 2020 calendar year, the OIA closed a total of 79 audit findings (or 81%) out of the 98 audit findings. Below is a summary of closed audit findings per audit engagement:

Audit Title	Audit(s) Date (Initial & Follow up Audits)	Number of Findings Issued	Number of Findings Closed	Number of Findings Open *
Access and Disability Resources (ADA)	Dec. 16, 2016	3	3	0
Automotive Audit	Mar. 23, 2017	3	2	1
Aviation Center Controls	Sep. 22, 2014; Jun. 9, 2015; May 5, 2016; Mar. 28, 2017; Jan. 26, 2018	6	6	0
Center for International Ed. and Global Engagement	May 17, 2016 & Apr. 21, 2017	11	11	0
Clery Act Compliance	Apr. 1, 2016 & Jun. 14, 2017	6	6	0
Contract Processes, Controls, and Administration Audit	Jun. 25, 2015 & Nov. 23, 2015	3	3	0



Audit Title	Audit(s) Date (Initial & Follow up Audits)	Number of Findings Issued	Number of Findings Closed	Number of Findings Open *
Health Insurance Portability and Accountability Act (HIPAA)	May 20, 2016 & Jul. 31, 2017	37	28	9
Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning	May 26, 2016 & May 31, 2017	3	1	2
Intercollegiate Athletics Audit	Nov. 6, 2015 & Dec. 2, 2016	12	12	0
Key Controls Review	Jan. 6, 2017	3	2	1
Marketing & Advertising Request for Proposals (RFP) Vendor Selection Process Assessment	Dec. 16, 2019	11	5	6
Total		98	79	19

***Internal Auditor will continue to monitor audit engagements with open findings until remediation.**

The Office of the Internal Auditor continues to follow-up with management on all audits with open items; current and past audit engagements (Automotive Audit, 2020 Center for International Education and Global Engagement Audit, Health Insurance Portability and Accountability Act (HIPAA) Audit, Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning Audit, Key Controls Review, and Marketing & Advertising Request for Proposals (RFP) Vendor Selection Process Assessment). During this quarter, there were two (2) findings closed. Currently there are 41 findings closed (66%) and 21 findings open (34%) as depicted below:



Audit Title	Audit(s) Date (Initial & Follow up Audits)	Number of Findings Issued	Number of Findings Open	Department/Area	Expected Completion Date * (Based on Audit Report)	New Expected Completion Date (Based on Follow-up)
Automotive Audit	Mar. 23, 2017	3	1	Dean of Applied Technology	Mar. 2019 (longest date out)	Jun. 2021
<p>Comments: Automotive Management in collaboration with the Vice Chancellor Strategy, Analytics and Research, are working in implementing a process to maintain job placement rates and perform trending analysis to help ensure that programs are meeting the needs of students and industry. Management continues to work with the Office of Economic Opportunity (OEO); an Inter-Governmental Agreement (IGA) was approved for participation in the system. The new implementation date was moved from 3/31/2021 to 6/30/2021. The risk rating for the remaining open item is medium.</p>						
2020 Center for International Education and Global Engagement	Nov. 20,2020	5	4	Vice President of International Development & Vice Chancellor for Educational Services and Institutional Integrity	Apr. 2021 (longest date out)	Jun. 2021
<p>Comments: There was one item closed in December 2020. Item was related to the online student application. The remaining open items are related to updating job descriptions and provide training to staff working at the Educational Orientation Window; review of the Educational Orientation Window Memorandum of Understanding (MOU); updating CIEGE staff job descriptions with current roles and responsibilities; and reviewing student files periodically. The risk rating for the remaining open items range from medium to high.</p>						
Health Insurance Portability and Accountability Act (HIPAA)	May 20, 2016 & Jul. 31, 2017	37	9	The Assistant Vice Chancellor (AVC) of Information Technology (IT), Employee Service Center (ESC) Director	May 2019 (longest date out)	Dec. 2021
<p>Comments: Although, there was improvement in the remediation for some findings (e.g. Disaster Recovering Plan policy), no findings were closed during this quarter. The remaining open items are related to updating/formalizing policies and procedures, HIPAA training for IT staff, and disaster recovery planning. The risk rating for the remaining open items range from medium to high. IT Management is currently working on the remediation for the remaining findings.</p>						

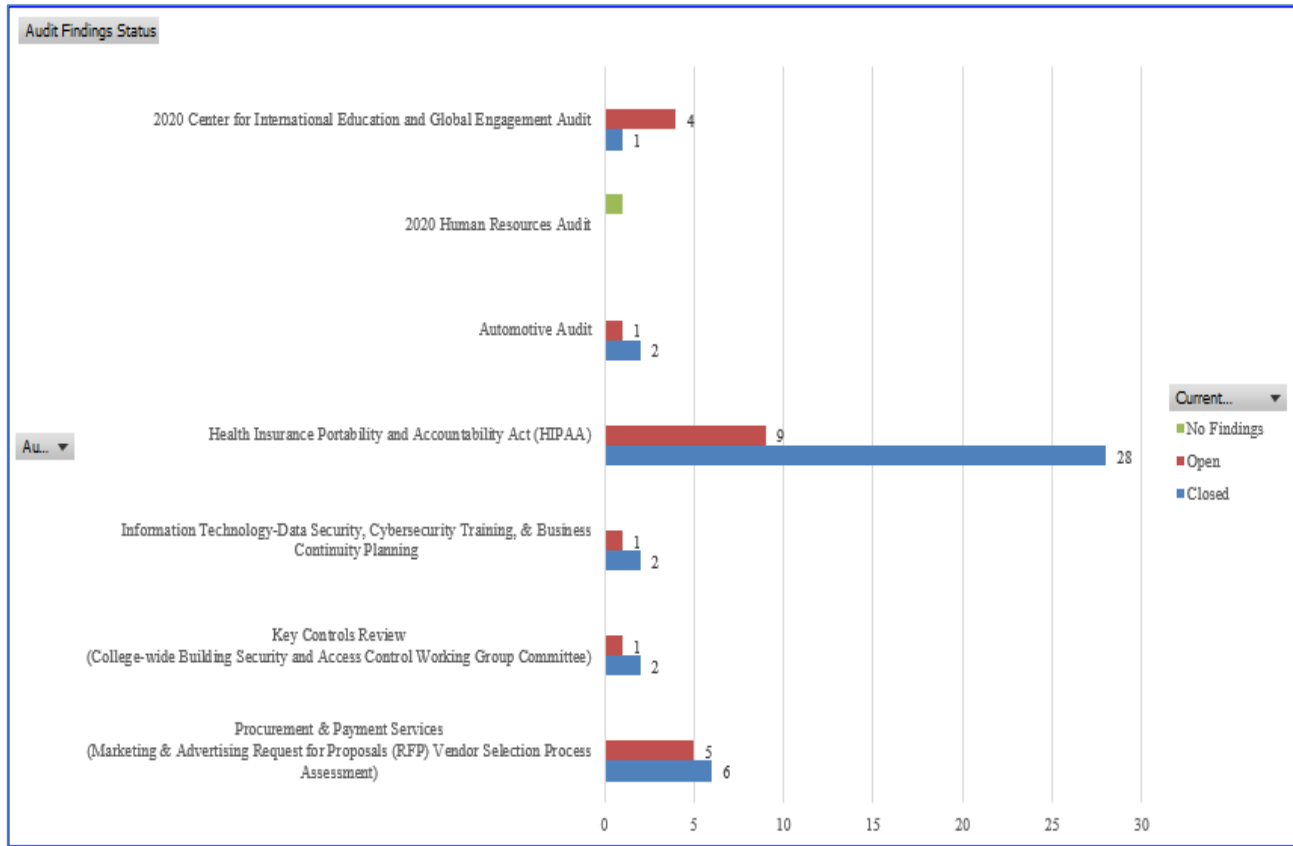


Pima County Community College District

Audit Title	Audit(s) Date (Initial & Follow up Audits)	Number of Findings Issued	Number of Findings Open	Department/Area	Expected Completion Date * (Based on Audit Report)	New Expected Completion Date (Based on Follow-up)
Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning	May 26, 2016 & May 31, 2017	3	1	Director of Cybersecurity	May 2019	Dec. 2021
<p>Comments: There was one item closed in December 2020. Item was related to the data breach notification response process. The remaining open item is related to the disaster recovery plan. The Director of Infrastructure Services is working on this item. The risk rating for the remaining open item is high.</p>						
Key Controls Review	Jan. 6, 2017	3	1	Director of Facilities	Jan. 2017	Jun. 2023
<p>Comments: There was significant progress over the last year. The College installed 97 card readers and 58 cameras and Traka boxes (key check-out) are being installed throughout the campuses. Facilities Management is working on this item. The risk rating for the remaining open item is high.</p>						
Procurement & Payment Services (Marketing & Advertising Request for Proposals (RFP) Vendor Selection Process Assessment)	Dec. 16, 2019	11	5	Director of Procurement & Payment Services	Mar. 2021 (longest date out)	Dec. 2020 & Mar. 2021
<p>Comments: One item was closed in December 2020; item was related to formalizing processes in procedures (e.g. vendor selection, evaluation committee training, etc.). The Director of Procurement and Payment Services is working on the remediation of the remaining findings. The risk rating for the remaining open items range from low to medium.</p>						
TOTAL		62	21	Percentage Closed 66%	Percentage Open 34%	

* Audit findings and expected completion date are based on the last report issued by the OIA.

** The OIA conducts follow-ups on audit findings based on management implementation date (e.g. prior to completion date).



Below are the Audit Findings Implementation Status:

Audit Findings Implementation Status				
	0	1	2	Total
Automotive Audit		1	2	3
Health Insurance Portability and Accountability Act (HIPAA)	8	1	28	37
Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning	1		2	3
Key Controls Review(College-wide Building Security and Access Control Working Group Committee)	1		2	3
Procurement & Payment Services(Marketing & Advertising Request for Proposals (RFP) Vendor Selection Process Assessment)		5	6	11
2020 Center for International Education and Global Engagement Audit	1	3	1	5
Total	11	10	41	62



Implementation Status Classifications	Descriptions	Tickmark
Addressed /Completed	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	○

The Office of the Internal Auditor followed-up with management on the open item related to the Arizona Auditor General audit; a new implementation date was provided by management.

Audit Title	Audit(s) Date (Initial & Follow up Audits)	Number of Findings Issued	Number of Findings Open	Department/Area	Expected Completion Date (Based on Audit Report)	New Expected Completion Date (Based on Follow-up)
Arizona Auditor General Year Ended June 30, 2019	December 18, 2019	1	1	Director of Records Management	June 2020	December 2020 (Substantially Complete)
Comments: The “Change Management Policy” was completed. Internal Auditor is awaiting supporting documentation for a sample of a change management request by management.						
TOTAL		1	1	Percentage Closed 0%	Percentage Open 100%	

Note: *The Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing* (Standards) requires that Internal Audit follow-up upon the disposition of management’s actions to address risks identified and to communicate the results to management. Internal Auditor updates the Internal Audit Findings Matrix when open items are followed-up with management (e.g. contact name, date, reason, status, etc.). Supporting documentation is requested and reviewed prior to closing a finding.



Audit Plan

The Detail Audit Plan is included below for Internal Audit activities and status.

ENGAGEMENT TYPE & DESCRIPTION*	TIMING		STATUS	RISK LEVEL**
	2019 - 2020	2020 - 2021		
<u>Audits / Projects:</u>				
Hiring Internal Auditor	Fall 2019		Complete	-
2019 College Risk Assessment & Audit Plan Report	Spring 2020		Complete	-
Marketing and Advertising Request for Proposal (RFP) Vendor Selection Process Assessment Internal Audit Report	Spring 2020		Complete	-
Center for International Education and Global Engagement	Spring 2020		Complete	Medium
Purchasing & Contracting & P-Card	Spring 2020		Planning	Medium
Health Insurance Portability and Accountability Act (HIPAA) Data Security		Fall 2020	-	High
Clery Act		Fall 2020	In Progress	High
Human Resources/Payroll		Fall 2020	Complete	Medium
Financial Aid and Scholarship		Spring 2021	-	Medium
Grants Management		Spring 2021	-	Medium
Enrollment Management		Spring 2021	-	Medium
Information Technology		Spring 2021	-	High
<u>Advisory Services:</u>				
Culture Survey	Spring 2020		Complete	-
Special Projects and Reviews		Fall 2020 – Spring 2021	-	-
Advising & Academic Support		Fall 2020 – Spring 2021	-	-
<u>External Audits Support / Follow-ups:</u>				
Arizona Office of the Auditor General’s Audit Support and follow-up	Spring 2020	Spring 2021	In Progress	-
Follow-up on Audit Findings*** (e.g. Access & Disability Resources (ADA); Automotive Audit; Aviation Center Controls; Center for International Education and Global Engagement; Clery Act Compliance Monitoring; Contract Processes, Controls, and Administration; Health Insurance Portability and Accountability Act (HIPAA) Data Security; Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning; Intercollegiate Athletics; Key Controls; Marketing and Advertising Request for Proposal (RFP) Vendor Selection Process Assessment)	Spring 2020	Fall 2020 - Spring 2021	In Progress	-

*Due to the dynamic environment of the College and risk environment, the plan will be reviewed quarterly and updated as necessary. Any changes or updates to the plan will be reviewed with the Finance and Audit Committee and the Board.

** Risk level is based on heat map reflected in audit plan. The significance of risks is assessed based on impact and likelihood.

***Internal Audit will complete an audit report for each audit engagement; the report will include audit scope, findings, recommendations and management responses (if deficiencies are noted). In addition, Internal Audit will complete a quarterly report with an update on the status of the audit findings based on management implementation date.



Important Compliance and Guidance Items:

U.S. Department of Homeland Security

December 7, 2020

DHS Announcement Regarding Reinstated of DACA

https://www.dhs.gov/news/2020/12/07/update-deferred-action-childhood-arrivals?_cldee=a2NzQG5hY3VhLm9yZw%3d%3d&recipientid=contact-a299d128cf1ae511ac970050569e5b2003c2d526b0e042c0918efdad8b67281c&utm_source=ClickDimensions&utm_medium=email&utm_campaign=P2P%202020&esid=73002877-183b-eb11-8133-005056866fb1

This website is being monitored by the Vice Chancellor for Educational Services and Institutional Integrity

U.S. Department of Education

January 14, 2021

The U.S. Department of Education Quickly Makes Available More Than \$21 Billion in Taxpayer Funds to Support Continued Education at Colleges, Universities

<https://www.ed.gov/news/press-releases/us-department-education-quickly-makes-available-more-21-billion-taxpayer-funds-support-continued-education-colleges-universities>

This website is being monitored by the Vice Chancellor for Educational Services and Institutional Integrity.

International Program - FY 2020 Revenues and Expenses

2/3/2021

International Students FTSE

170

Revenues	FY 2020	
Contra Rev-Contract Exemptions	(29,965)	
Out-Of-Country Tuition-Spring	392,336	
Out-Of-Country Tuition-Fall	458,172	
Out-Of-Country Tuition-Summer	87,165	
AZ Sonora Tuition Waiv-Contra	(177,461)	
International Fee	45,792	
Non-Credit Course Fees	229,830	
International Student Insuranc	234,363	
Restricted Federal Grants	-	
Contracts-Other	28,653	
Miscellaneous Revenue-Other	28,671	
Total Revenues	\$ 1,297,555	\$ 7,633 per FTSE

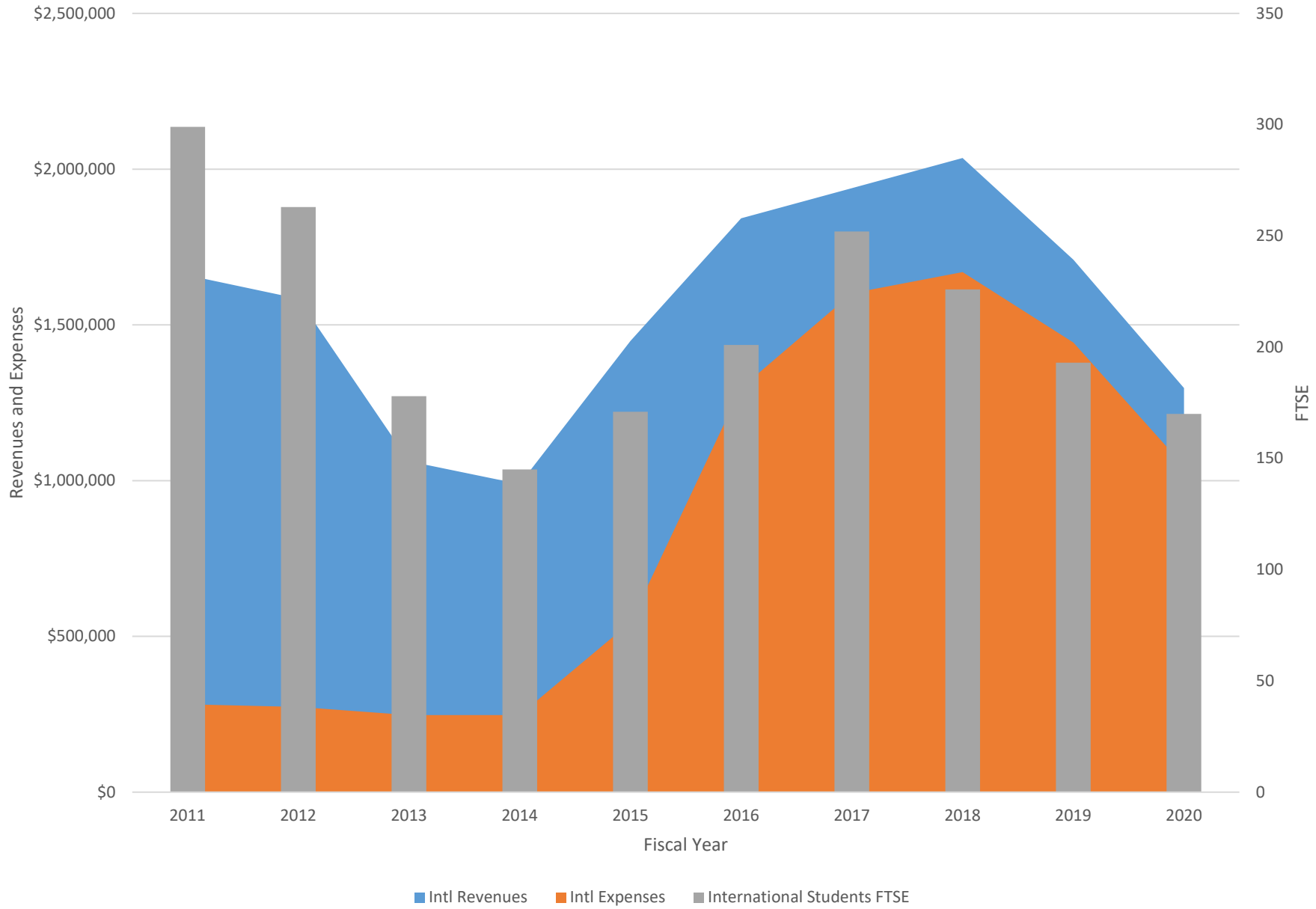
Personnel	
Administrators	122,198
Instructor-Substitute	248
Instructor - Non-Credit Course	10,974
Staff-Exempt	373,551
Temporary Help	44,265
Cell Phone Allowance	655
Federal Workstudy Program	12,830
F/B-Fringe Benefits	145,804
Subtotal Personnel	\$ 710,524

Supplies & Services	
Postage	1,565
Travel	59,199
Lecture & Entertainment Fees	1,849
Other Professional Services	300
Professional Development	15,771
Chargebacks	7,003
Food	2,441
Supplies	5,457
Rent & Leases-Bldgs & Space	8,000
Student Insurance	236,655
Memberships & Dues-Institution	300
Provision For Doubtful Account	(2,259)
Subtotal Supplies & Services	\$ 336,281

Total Expenses	\$ 1,046,806	\$ 6,158 per FTSE
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Total Revenues Minus Total Expenses	\$ 250,749	\$ 1,475 per FTSE
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International Program - 10 Year Summary





Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020

Finance and Audit Committee Meeting

February 19, 2021

Presented by: Agnes Maina

Revenues by Source

	<u>FY 2020</u>	<u>FY 2019</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Operating Revenues</u>				
Tuition and Fees (net of allowances)	\$ 29,095,520	\$ 27,441,078	\$ 1,654,442	6.0%
Contracts	2,853,094	3,690,885	(837,791)	-22.7%
Commissions and Rents	621,796	1,137,559	(515,763)	-45.3%
Other Operating Revenues	<u>965,443</u>	<u>1,226,272</u>	<u>(260,829)</u>	<u>-21.3%</u>
Total Operating Revenues	33,535,853	33,495,794	40,059	0.1%
<u>Nonoperating Revenues</u>				
Property Taxes	120,192,760	116,162,277	4,030,483	3.5%
State Appropriations	595,000	-	595,000	100.0%
Federal Grants	47,070,759	40,423,631	6,647,128	16.4%
State and Local Grants	1,141,525	1,575,675	(434,150)	-27.6%
Share of State Sales Tax	2,834,744	2,651,288	183,456	6.9%
Gifts	311,395	766,260	(454,865)	-59.4%
Investment Income	6,293,040	4,305,456	1,987,584	46.2%
Other Nonoperating Revenues, net	<u>2,120,867</u>	<u>94,706</u>	<u>2,026,161</u>	<u>2139.4%</u>
Total Nonoperating Revenues	180,560,090	165,979,293	14,580,797	8.8%
Capital Appropriations	15,000,000	-	15,000,000	100.0%
Capital Gifts and Grants	6,420	12,574	(6,154)	-48.9%
Total Revenues	\$ 229,102,363	\$ 199,487,661	\$ 29,614,702	14.8%

Expenses by Category

	<u>FY 2020</u>	<u>FY 2019</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Operating Expenses</u>				
Educational and General				
Instruction	51,995,932	49,107,804	2,888,128	5.9%
Academic Support	23,613,165	21,283,643	2,329,522	10.9%
Student Services	26,918,295	24,979,942	1,938,353	7.8%
Institutional Support	37,608,384	32,503,926	5,104,458	15.7%
Operation and Maintenance of Plant	24,419,277	16,432,731	7,986,546	48.6%
Student Financial Aid	20,344,895	16,095,595	4,249,300	26.4%
Auxiliary Enterprises	857,520	681,532	175,988	25.8%
Depreciation	<u>6,187,093</u>	<u>6,626,827</u>	<u>(439,734)</u>	<u>-6.6%</u>
Total Operating Expenses	191,944,561	167,712,000	24,232,561	14.4%
<u>Nonoperating Expenses</u>				
Other Nonoperating expenses	-	451,557	(451,557)	-100.0%
Interest on Capital Asset Related Debt	<u>2,013,973</u>	<u>883,313</u>	<u>1,130,660</u>	<u>128.0%</u>
Total Nonoperating Expenses	2,013,973	1,334,870	679,103	50.9%
Total Expenses	\$ 193,958,534	\$ 169,046,870	\$ 24,911,664	14.7%

Operating Expenses by Type

Expense Type	<u>FY 2020</u>	<u>FY 2019</u>	<u>\$ Change</u>
Employee Compensation and Benefits	\$ 115,455,735	\$ 107,435,111	\$ 8,020,624
Communication and Utilities	4,737,178	5,235,690	(498,512)
Travel	1,208,176	2,167,994	(959,818)
Contractual Services	36,566,226	19,127,705	17,438,521
Supplies and Materials	3,394,010	7,313,801	(3,919,791)
Student Financial Aid	20,344,895	16,095,595	4,249,300
Other Expenses	4,051,248	3,709,277	341,971
Depreciation	<u>6,187,093</u>	<u>6,626,827</u>	<u>(439,734)</u>
Total Operating Expenses	\$191,944,561	\$167,712,000	\$ 24,232,561

Net Position

<u>Item</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>\$ Change</u>
Cash and Cash Equivalents	\$ 61,463,200	\$ 62,856,763	\$ (1,393,563)
Short + Long-term Investments	112,766,935	79,663,509	33,103,426
Restricted Cash and Investments Held by Trustee (Bonds)	58,429,730	67,085,995	\$ (8,656,265)
Other Current + Non-Current Assets	118,740,777	114,090,192	4,650,585
Total Assets	351,400,642	323,696,459	27,704,183
Net Pension and OPEB	101,428,845	110,045,452	(8,616,607)
Bonds Payable	59,010,173	61,499,853	(2,489,680)
Other Liabilities	32,144,689	30,090,387	2,054,302
Total Liabilities	192,583,707	201,635,692	(9,051,985)
<u>Net Position</u>			
Invested in Capital Assets (net of related debt)	92,788,602	92,872,863	(84,261)
Restricted Net Position	47,633,485	29,435,074	18,198,411
Unrestricted Net Position	13,571,472	(3,458,207)	17,029,679
Total Net Position	\$ 153,993,559	\$ 118,849,730	\$ 35,143,829

Revenues, Expenses, and Changes in Net Position

<u>Item</u>	<u>FY 2020</u>	<u>FY 2019</u>
Total Operating Revenues	\$ 33,535,853	\$ 33,495,794
Total Operating Expenses	<u>191,944,561</u>	<u>167,712,000</u>
Operating Loss	(158,408,708)	(134,216,206)
Net Non Operating Revenues	178,546,117	164,644,423
Income before Capital Appropriations, Gifts, and Grants	20,137,409	30,428,217
Capital Appropriations	15,000,000	-
Capital Gifts and Grants	<u>6,420</u>	<u>12,574</u>
Increase in Net Position	\$ 35,143,829	\$ 30,440,791

Summary

- Unmodified opinion from the Arizona Office of the Auditor General indicating the College's financial statements are reliable, fairly presented, and prepared according to accepted accounting principles
- Financial Statements demonstrate progress towards the three-year budget plan in preparation for the projected FY21 Expenditure Limit
 - Increases in total expenditures included planned personnel cost of living salary increases and pandemic related outlays for facilities and CARES grants
 - Significant increase in investment revenues due to diligent cash management
 - Increase in Capital appropriations received for Aviation Program construction
 - Net position indicates strong financial standing and additions to overall assets, reserves, and investments

A special thank you to Financial Services for their work on the CAFR

*Daniel Soza, Agnes Maina,
Aurora Juarez, Marisa Mandal, Melissa Morrison,
Tim Rapoza, Steve Ritter, & Bernard Simon*



PimaCommunityCollege

/// **Keep striving.**

Revenue Bond Projects - Inception to Date


FY=21 Period=14

<u>FUND</u>	<u>FUND_DESC</u>	<u>Revenues</u>	<u>Personnel</u>	<u>Other Expenditures</u>	<u>Transfers</u>	<u>Fund Balance</u>
581999	Rev Bonds Control Fund	67,464,767	0	(443,102)	(18,524,947)	48,496,718
5R8000	RVB PROJ - Control	67,464,767	0	(443,102)	(18,524,947)	48,496,718
581001	RVB Proj -Advanced Mfg.New Bldg	0	0	(2,686,726)	2,442,871	(243,855)
5R8001	RVB PROJ - Applied Tech- Building	0	0	(2,686,726)	2,442,871	(243,855)
581003	RVB Proj - Transportation New Bldg	0	0	(12,172,977)	9,672,725	(2,500,252)
5R8002	RVB PROJ - AppTech COE AE WFD SS	0	0	(12,172,977)	9,672,725	(2,500,252)
581005	RVB Proj - ST Bldg Renovations	0	0	(289,510)	281,020	(8,489)
5R8003	RVB PROJ - AppTech Weld,Mach,Engr,M	0	0	(289,510)	281,020	(8,489)
581007	RVB Proj - AppTech Makerspace CAD	0	0	(1,787)	1,787	0
5R8004	RVB PROJ - AppTech Makerspace CAD	0	0	(1,787)	1,787	0
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
581037	RVB Proj -DC CoE Program Space Renv	0	0	(438,321)	438,321	0
581036	RVB Proj -DC RE Infrastructure Dev	0	0	(95,900)	95,900	0
581034	RVB Proj -DC 333 W Drachman (FT2)	0	0	(1,712,800)	1,712,800	0
581032	RVB Proj -DC Historic Assessment	0	0	(65,686)	44,376	(21,310)
5R8005	RVB -DC Campus Expansion & Developm	0	0	(5,047,815)	5,026,505	(21,310)
581013	RVB Proj -PSI ESI	0	0	(35,480)	35,480	0
5R8007	RVB PROJ -PSEI EMSI	0	0	(35,480)	35,480	0
581015	RVB Proj -Science Labs	0	0	(709,419)	538,658	(170,761)
5R8008	RVB PROJ -Science Labs	0	0	(709,419)	538,658	(170,761)
581017	RVB Proj -Allied Health COE	0	0	(20,032)	20,032	0
5R8009	RVB PROJ -Allied Health COE	0	0	(20,032)	20,032	0
581019	RVB Proj -EC Bookstore/Food Svc	0	0	(49,443)	49,443	0
5R8010	RVB PROJ -EC Bookstore/Food Svc	0	0	(49,443)	49,443	0
581021	RVB Proj -DC Bookstore/Food Svc	0	0	(446,916)	446,916	0
5R8011	RVB PROJ -DC Bookstore/Food Svc	0	0	(446,916)	446,916	0
581023	RVB Proj -NW Bookstore/Food Svc	0	0	(3,642)	3,642	0
5R8012	RVB PROJ -NW Bookstore/Food Svc	0	0	(3,642)	3,642	0
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

Revenue Bond Projects - Inception to Date

FY=21 Period=14

<u>FUND</u>	<u>FUND_DESC</u>	<u>Revenues</u>	<u>Personnel</u>	<u>Other Expenditures</u>	<u>Transfers</u>	<u>Fund Balance</u>
500005	"Revenue Bonds" Revenue	0	0	0	0	0
5RVBND	Revenue Bond Funded Projects	0	0	0	0	0
		67,464,767	0	(21,906,847)	(5,870)	45,552,051



Fiscal Year 2021-2022 Budget Discussion

Governing Board Study Session

February 15, 2021

Presented by: Dr. David Bea

Agenda

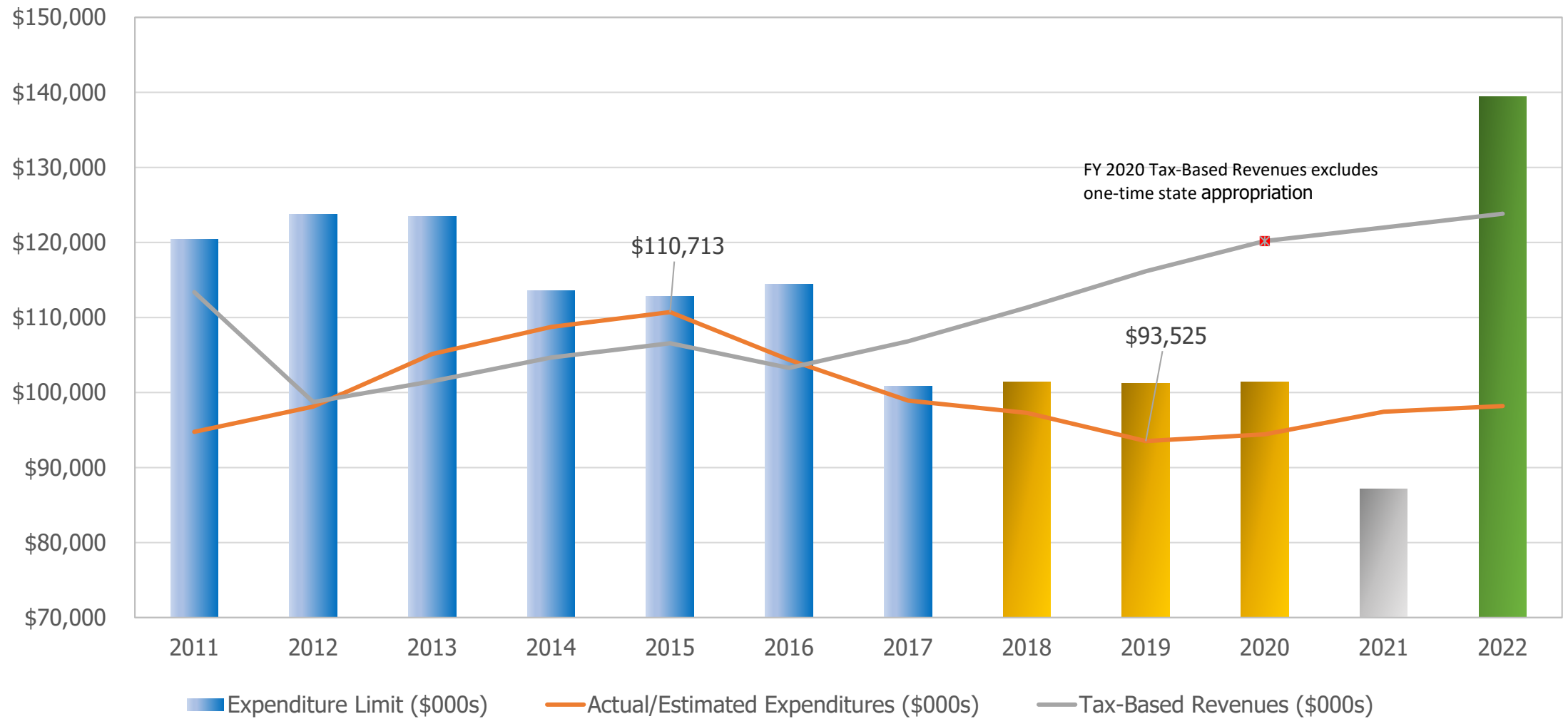
- Ongoing Challenges
- Revenue Projections
 - Tuition & fees
 - Property taxes
 - CRRSAA funds
 - Prop 207 funds
- Expenditures
 - Ongoing commitments
 - Personnel expenses
 - Continued response to COVID-19
 - Governing Board priorities

FY 2022 Budget – Ongoing Challenges

- Struggling enrollment and declining outlook
- Limited potential growth in other revenues
- Structural inefficiencies and continued resistance to reductions
 - All services at all places
 - Classroom inefficiencies (scheduling, course capacity)
- Funding College priorities with limited resources
- Reallocating resources

FY 2021 Revenue Impacts	Fall 2020	Spring 2021
Student Headcount	-17.1%	-17.3%
Student Enrollment	-18.9%	-18.5%
FTSE (Full Time Student Equivalents)	-17.5%	-18.0%
Enrolled Section (CRN) Count	-10.5%	-17.8%

Actual/Estimated Expenditures vs. Expenditure Limit



Updated Revenue Projections

- Tuition
 - \$1.00 per credit hour = \$350K (based on FY 2021 FTSE)
- Property Taxes
 - Growth = \$1.3M
- State Funding – Governor’s Proposed FY 2022 Budget
 - STEM (unchanged) = \$0.4M
 - Prop 207 Marijuana Tax (estimate) = \$2.2M
- Federal Funds – CRRSAA
 - (Coronavirus Response and Relief Supplemental Appropriations Act)
 - \$17.6M institutional funds plus \$5M in direct student aid (\$22.6M Total Allocation)

Example Increases to Revenues & Expenditures

FY 2021-2022	Amount	Notes or Options
Revenues		
CRRSAA Funds	\$17,600,000	Institutional funds (after required \$5M in direct student aid)
Prop 207 Funds	\$2,200,000	
Property Taxes	\$1,300,000	
Tuition/Fees Decreases (estimate)	(\$8,100,000)	Amount under review – final TBD
Expenditures		
<u>Personnel</u>		
Salary Pool Increase	\$550,000 (+0.5%)	\$1,100,000 (1.0%)
Adjunct Faculty	\$200,000 (1.0%)	\$500,000 (2.5%)
<u>Budget Impacts</u>		
Pandemic related expenses - estimate	\$500,000	Continuing costs are being reviewed

CRRSAA Funding Ideas

- Student
 - Direct student aid
 - Book allowances
 - Exploring new testing models
- Institutional
 - Marketing enhancements
 - New software licenses
 - Digitizing documents and creating electronic processes and forms
 - Professional development training (ex: HyFlex classrooms)
 - Offsetting or pausing the adjunct faculty funding allocation to reduce class sizes
 - Work from home costs/new structure for work cost allowances

Governing Board Direction – Student-Focused Priorities (Prop 481)

- Expand workforce training programs, ensuring students are trained:
 - On Industry standard and State-of-the-art equipment and technology
 - For high demand, real-world skills including: Data Analytics; Artificial Intelligence; Robotics and Simulators
- Increase Internships and apprenticeships
- Develop short-term credentialing programs
- Enhance support services – including mobile and web tool options
- Provide access to childcare and additional support services
- Integrate digital technology in all classrooms – provide mobile computing devices to students unable to afford them
- Increase educational offering in high-demand fields such as nursing, cybersecurity and aviation technology

Governing Board Direction – Additional Priorities

- Ongoing Obligations
 - Licenses, Contracts, Insurance, Utilities
 - Employee Benefits
 - Medical and Prescription
 - Retirement System Liability
 - Other Short Term Disability
 - Reinvestment in Plant
- Continue to Emphasize Efficiencies
 - Continue to review selling or leasing physical space
 - Implement partnership programs
 - Reallocate resources to growth program and service areas
- Prioritize faculty and staff compensation
- Respond to Pandemic Challenges

Budget Calendar – Next Steps

- March 2021
 - Set tuition and service fees for 2021-2022
 - Review revenue estimates – new FY 2022 revenues (CRRSAA & Prop 207)
 - Review and approve contributions to Public Safety Personnel Retirement Systems fund
- April 2021
 - Review salary and wages
 - Review employee benefits (medical and pharmacy, dental, short-term disability, other insurances)
- May 2021
 - Review proposed FY 2021-2022 Budget and provide approval for publication
 - Review and approve the Capital Budget
- June 2021
 - Public Hearing and Special Meeting to adopt the Fiscal Year 2021-2022 Budget and set property tax rates and levies
 - Review and approve contractual obligations and insurances

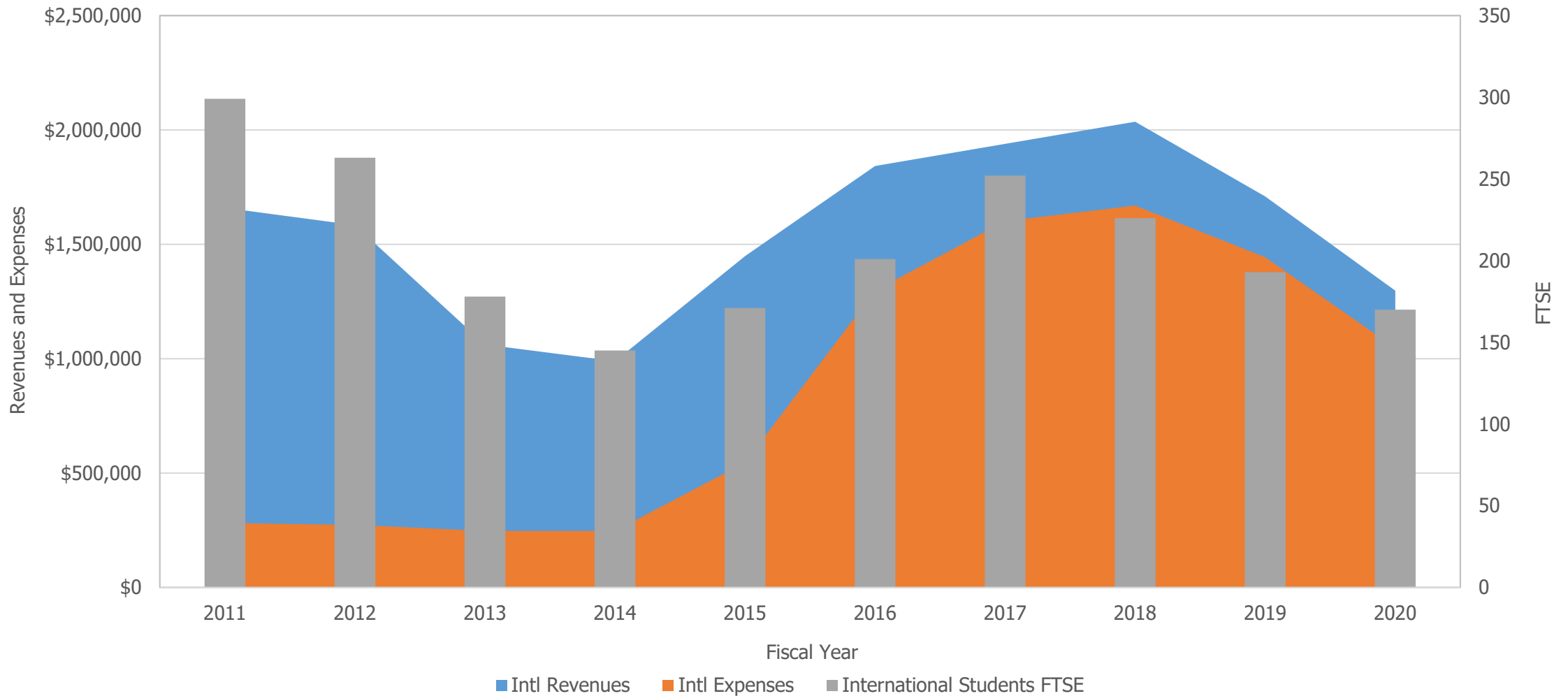


/// Keep striving.



Additional Information

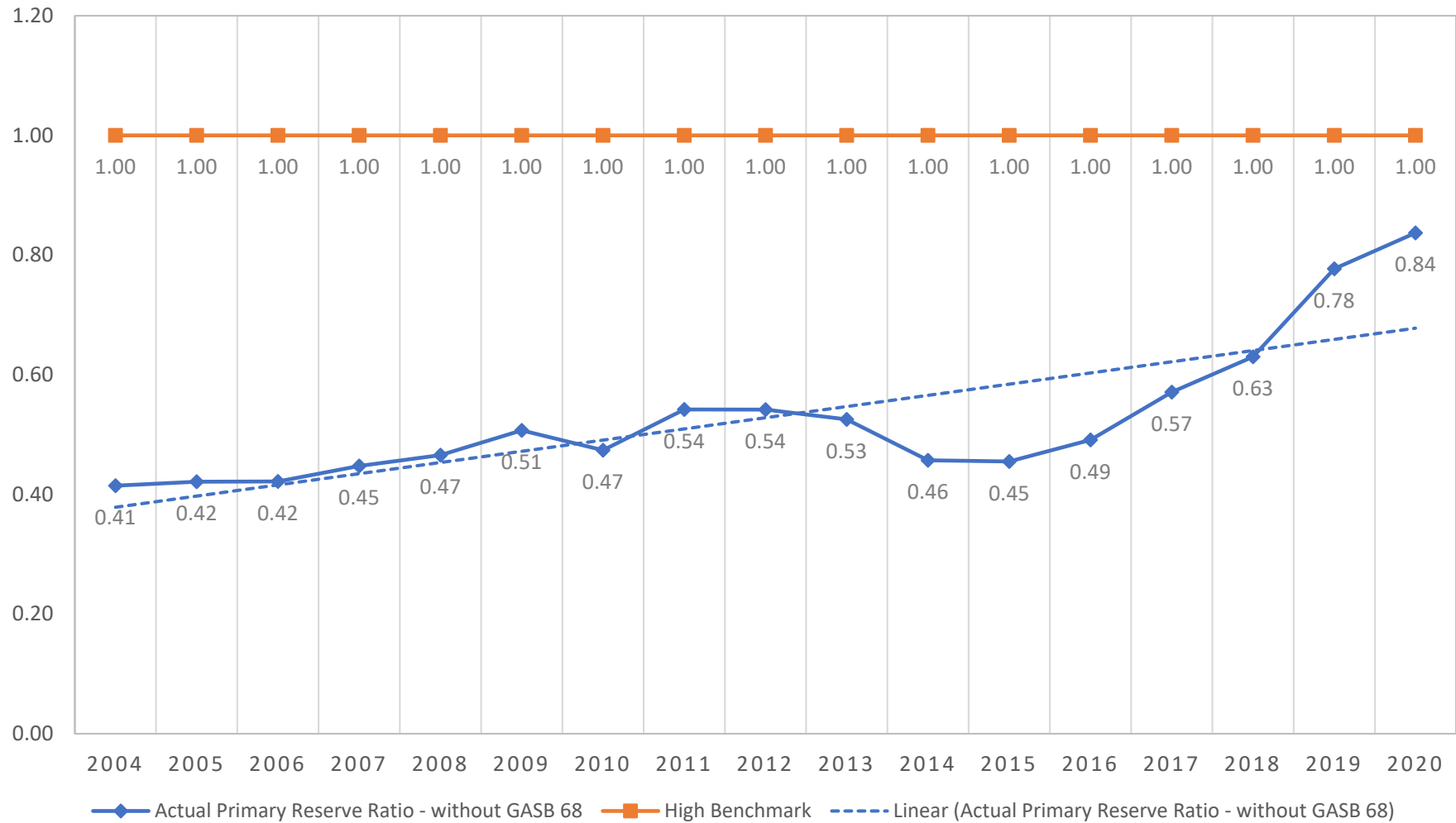
International Program – 10-Year Summary



Long Term Capital Planning

- Aviation
 - Expansion project is expected to be completed in July 2021
 - State appropriation of \$15M received in FY 2020
 - Balance of project cost is funded by the College
- Allied Health
 - Board approved renovation and expansion of existing buildings H, J, and D
 - Cost estimate \$23.5M
 - Project timeline is from now through completion in January 2024
- Energy Management Program – Learning Lab
 - Project costs – early estimates are between \$15M and \$20M

HLC Primary Reserve Ratio Analysis



- Primary Reserve Ratio – measures the financial strength of the institution by indicating how long the College could function using its expendable reserves to cover operations should additional net position not be available
- A positive ratio and an increase in the ratio over time denotes strength
- Goal = 1.0