

**Governing Board's Finance and Audit Committee
Meeting Notice and Agenda*
Friday, December 10, 2021
9:00am
Virtual Meeting#**

General Matters

- | | | |
|------------------|------------|--------|
| 1. Call to Order | Scott Odom | 9:00am |
|------------------|------------|--------|

Action Items

- | | | |
|--|------------|--------|
| 2. Approval of Minutes from October 29, 2021 | Scott Odom | 9:05am |
|--|------------|--------|

Reports and Feedback

- | | | |
|---|------------------------------|---------|
| 3. Investment Update | John Utter | 9:10am |
| 4. Internal Audit Update | Jeff Silvyn, Jose Saldamando | 9:30am |
| a. Q4 2021 Report | | |
| 5. Enterprise Risk Management (ERM) Update | David Parker | 9:50am |
| a. ERM and Compliance Report, December 2021 | | |
| b. ERM Workgroup | | |
| 6. Higher Learning Commission - Focused Visit on Board Governance | Bruce Moses | 10:10am |
| 7. CFO Update | David Bea | 10:30am |
| a. Revenue Bonds | | |
| b. Cost Escalations for Construction Projects | | |
| c. November 29, 2021 Governing Board Study Session: Fiscal Year 2023 Budget Overview and Discussion | | |
| d. Strategy, Analytics and Research: New Dashboards | | |
| e. Federal Vaccine Mandate | | |

Effectiveness Discussion**Information Items**

- | | | |
|--|--|--|
| 8. Future Agenda Items | | |
| a. Marketing | | |
| b. Workforce Update | | |
| c. Arizona Auditor General (February) | | |
| d. Partnership with Catholic University (February) | | |
| e. Public Safety Personnel Retirement System - Fiscal Year 2023 Contributions (February) | | |
| f. Adult Education | | |

Adjournment

Next Meeting

February 18, 2022
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. Pursuant to A.R.S. 38-431.03(A)(3) the Committee may vote to go into executive session for discussion or consultation with legal counsel for the College.

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/99348826825>

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Webinar ID: 993 4882 6825

Passcode: 880864



Governing Board's Finance and Audit Committee

Friday, October 29, 2021

9:00am

Virtual Meeting - Zoom Webinar

Meeting Minutes

In Attendance:

Scott Odom (Chair), David Bea (Ex-Officio), Ben Tuchi, Daniel Soza (Ex-Officio), Agnes Maina (Ex-Officio), Maria Garcia, Laura Ward, Kathleen Witt, Keri Hill (Recorder)

Not in Attendance:

Demion Clinco, Jesus Manzanedo, Ken Marcus, Clarence Vatne

Guests:

John Utter, RBC Global Asset Management

General Matters

1. Call to Order

Chair Odom called the meeting to order at 9:02am, noting a quorum was met. He welcomed two new members to the Committee, Laura Ward and Kathleen Witt, and thanked them for joining.

Action Items

2. Approval of Minutes from August 26, 2021

Chair Odom asked if the Committee had any changes to the minutes. With no changes, a motion was made to approve the minutes.

Motion No. 202110-01: Approve Minutes from August 26, 2021

First: Maria Garcia

Second: Ben Tuchi

Vote: Motion passed unanimously (Odom, Tuchi, Garcia, Ward, Witt voting in favor)

Motion Carried.

Reports and Feedback

3. Investment Update (John Utter)

Mr. Utter from RBC Global Asset Management joined the Committee to provide an update on the College's Investment Portfolio. He began with the 1-3 Year Portfolio, reviewing the distribution and the yield before continuing with the Ultra Short Portfolio.

Moving into the Market, Mr. Utter reviewed a scorecard of the U.S. business cycle before discussing the balance sheet growth for the Federal Reserve and addressing concerns with the taper strategy.

Inflation remains the biggest topic of conversation, as does debate as to how transitory it is. Factors related to unemployment and the “Great Resignation” were discussed in relation to risks for inflation.

Dr. Bea asked about housing, as Tucson has been greatly impacted by the increase in pricing. Mr. Utter discussed some potential scenarios related to the Federal Reserve purchasing mortgage-backed securities and continued with strategies utilized by RBC. Chair Odom mentioned additional analysis he has reviewed related to the ratios of housing costs vs. income, inquiring how increased property values impact the College’s property tax revenues. Dr. Bea described how the College’s property taxes work, and Ms. Witt described a recent article she read about the real estate market and investing by Robert Shiller.

Mr. Tuchi described several factors that are pointing to continuing inflation, and Mr. Utter provided his perspective.

4. Review of Committee Charter (Scott Odom)

Annually, this Committee reviews its Charter. Chair Odom asked about training for new members, and Dr. Bea will arrange training and extend the invitation to all members of this Committee. Ms. Ward thought the Charter looked comprehensive but did have some questions about whistleblower policies and the audit plan. Dr. Bea’s office will share the audit plan with the new members and invite either General Counsel or the Director of Enterprise Risk Management to a future meeting to review these processes.

The Committee members did not have any suggestions for amendments to the Charter at this time.

5. CFO Update (David Bea)

Dr. Bea began with an overview of the expenditures for the revenue bonds and the status of the projects.

He continued with an update on fiscal year 2022 capital projects, which will be presented to the Governing Board in November. Since the budget serves as a capacity document, this year’s capital project plan was very large due to potential revenue sources from federal grants and requests for state appropriations. Mr. Soza described the review process utilized for capital requests, and quarterly reports on the project plan will be provided to the Board.

Dr. Bea continued with the budget development calendar, which is provided annually to the Governing Board. This provides an overview of major budget actions during the development process, and the topic will be further discussed at the training with the new Committee members.

Discussions on the budget have begun earlier than typical this year, and Dr. Bea shared a presentation provided to one of the College’s leadership groups. He described College revenue sources, mentioning some factors related to property taxes and declining enrollments. He continued with an update on full time student equivalents (FTSE) over the last ten years, and Ms.

Garcia asked about the data reported to the Auditor General as well as the information presented to the Governing Board. Ms. Garcia noted that the College has excessive space given the number of building projects and the volume of students who have moved online. Dr. Bea concurred as some of the construction is making the space needed to educate students, and future conversations with the Board and the community will focus on how to proceed with the remaining space.

Trends show an increase in FTSE in online and dual enrollment over the last ten years, while in-person attendance has drastically decreased. Ms. Witt inquired about Adult Education, and Dr. Bea described the programs included in the College's Adult Education program. An update from Adult Education will be scheduled for this Committee. Dr. Bea provided some information about tuition and fees, and Mr. Tuchi noted that there may not be a correlation between tuition costs and enrollment declines, especially since the University of Arizona has increased both enrollment and tuition.

The presentation continued with further analysis related to revenues, cost per FTSE, and staffing expenses, which are approximately 70% of operational commitments. Ms. Garcia confirmed that information on administrative positions will be presented to the Governing Board at a future date. Additional data related to expense requests and communication strategies and opportunities to reallocate resources were discussed.

The College is forming a new Marketing Advisory Committee. Any member of this Committee who knows of an interested community member with a background in marketing can forward the name to the Office of the EVC for Finance and Administration.

Finally, Dr. Bea stated that the Higher Learning Commission will be conducting a Focused Visit on Board Governance in the Spring, with the date of the visit to be determined. This Committee may be called upon to participate in the visit.

Chair Odom asked for future agenda items. Ms. Garcia requested additional information about Catholic University, as well as sharing the communications between the HLC and the College regarding the upcoming Focused Visit.

Information Items

6. Future Agenda Items

- a. Workforce Update
- b. Marketing
- c. Higher Learning Commission - Focused Visit on Board Governance (December)
- d. Arizona Auditor General (February)
- e. Partnership with Catholic University (February)
- f. Public Safety Personnel Retirement System - Fiscal Year 2023 Contributions (February)
- g. Adult Education

Adjournment

The meeting adjourned at 11:00am.

Next Meeting:

December 10, 2021

Virtual Meeting - Zoom Webinar

Pima County Community College Portfolio Update

December 2021

John Utter
Head of U.S. Institutional Client Service



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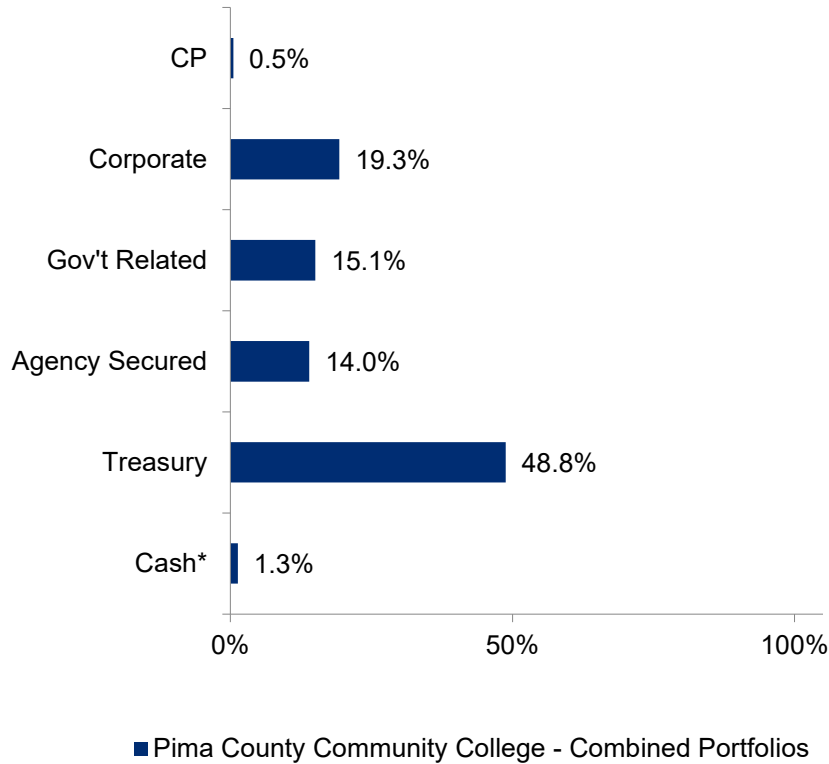
- I. 1-3 Year Portfolio Review
- II. Ultra Short Portfolio Review
- III. 2019 Revenue Bond Portfolio Review
- IV. Economic and Market Commentary
- V. Appendix
 - i. Fixed Income Investment Team
 - ii. Investment Policy Statement Arizona Revised Statutes

Summary of Combined Portfolio Characteristics

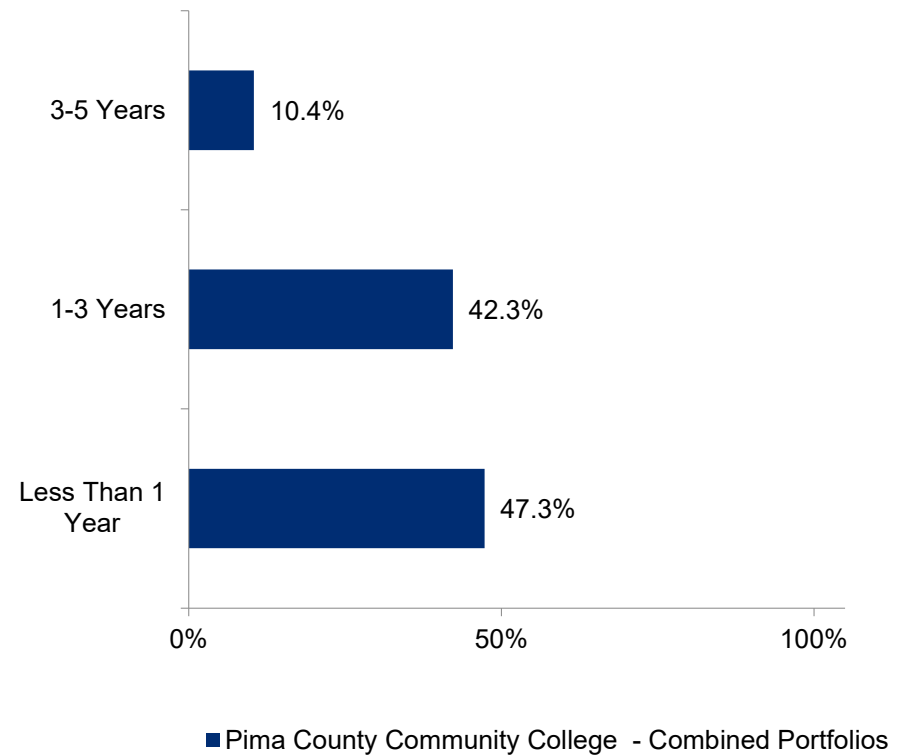
Pima County Community College

The Pima County Community College combined investment assets with RBC GAM includes two RBC managed short term portfolios (\$113.8 million) and a bond proceeds portfolio (\$34.5 million).

Sector Distribution



Duration Distribution



*Cash assets do not include AZ LGIP and Bank Deposits held outside of portfolios managed by RBC GAM

As of 11.30.21
Source: RBC GAM



Pima County Community College District - 1-3 Year Portfolio



Portfolio Performance

Pima County Community College – 1-3 Year Portfolio

10.31.21 Market Value: \$98,010,511	YTD	3Q 2021	2Q 2021	1Q 2021	4Q 2020	2020	1 Year	3 Year	5 Year	7 Year	Since Inception (7.1.12)
Total Portfolio (Gross of Fees)	0.09	0.04	0.17	0.07	0.22	3.08	0.27	2.67	1.88	1.65	1.42
Total Portfolio (Net of Fees)	0.03	0.03	0.16	0.05	0.21	3.00	0.20	2.6	1.81	1.58	1.35
Principal Return	-1.32	-0.34	-0.23	-0.40	-0.25	0.90	-1.44	0.63	-0.05	-0.12	-0.31
Income Return	1.42	0.39	0.40	0.47	0.47	2.15	1.73	2.03	1.93	1.78	1.74
ICE BofA 1-3 Year Tsy & Agy Index	-0.32	0.06	-0.03	-0.05	0.05	3.09	-0.23	2.48	1.59	1.38	1.18

As of 10.31.21

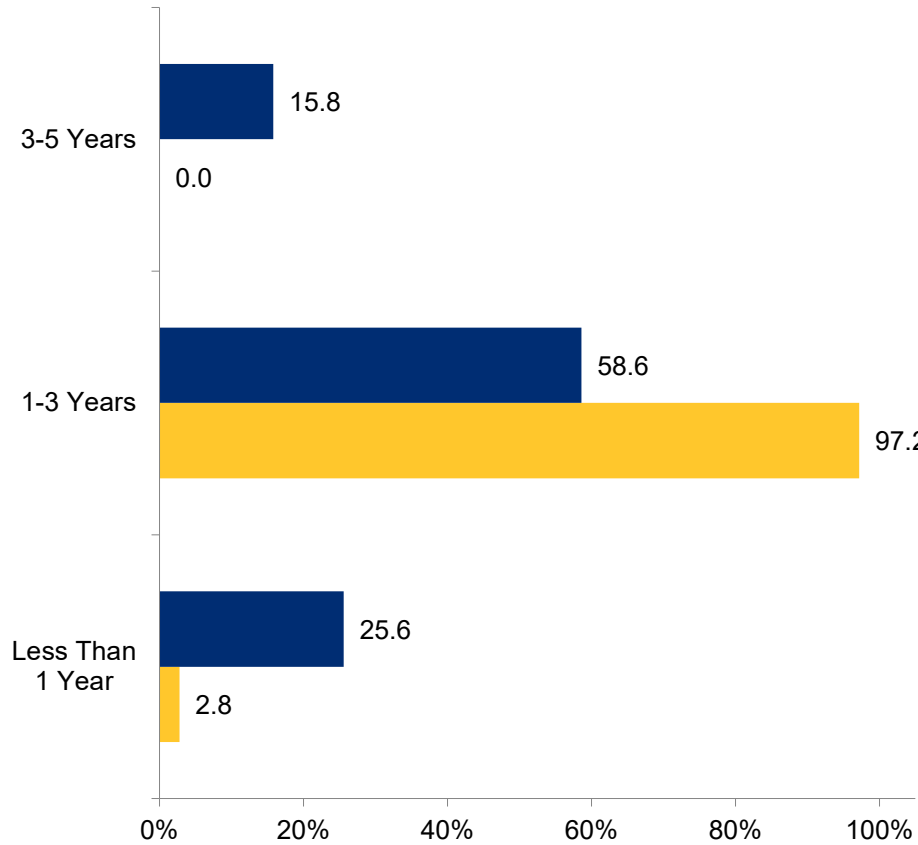
Source: RBC GAM, ICE Data Services

All returns for periods greater than one year are shown on an annualized basis. Past performance is not indicative of future results.

Portfolio Characteristics

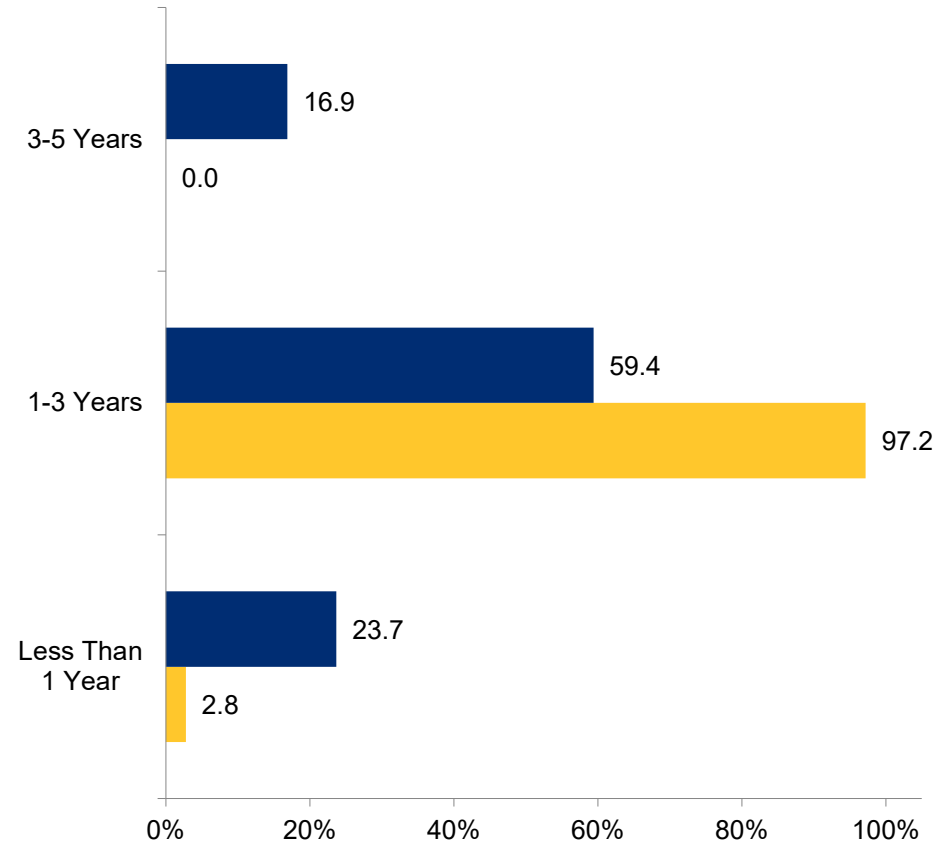
Pima County Community College – 1-3 Year Portfolio

Duration Distribution as of 11.30.21



■ Pima County Community College - 1-3 Yr
 ■ ICE BofA 1-3 Yr Tsy & Agy

Duration Distribution as of 9.30.21



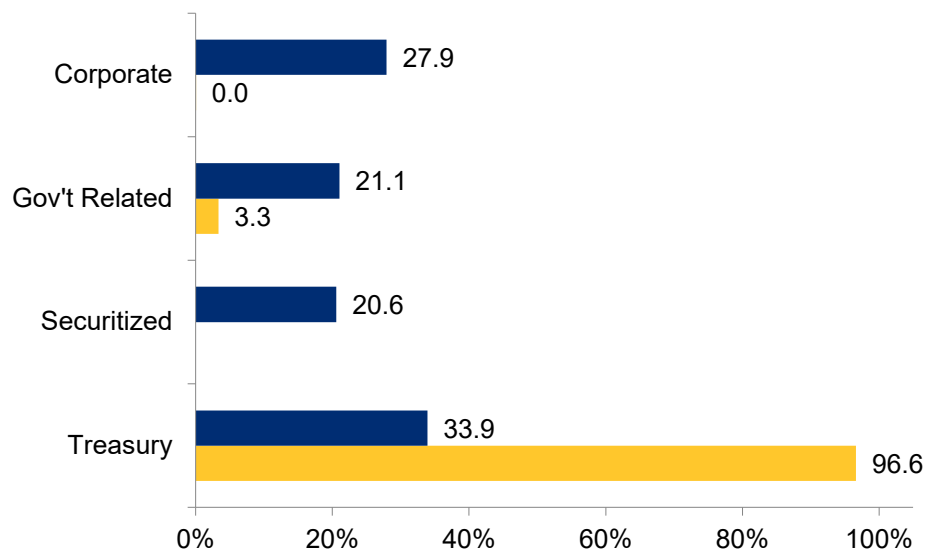
■ Pima County Community College - 1-3 Yr
 ■ ICE BofA 1-3 Yr Tsy & Agy

As of 11.30.21
 Source: RBC GAM, ICE Data Services



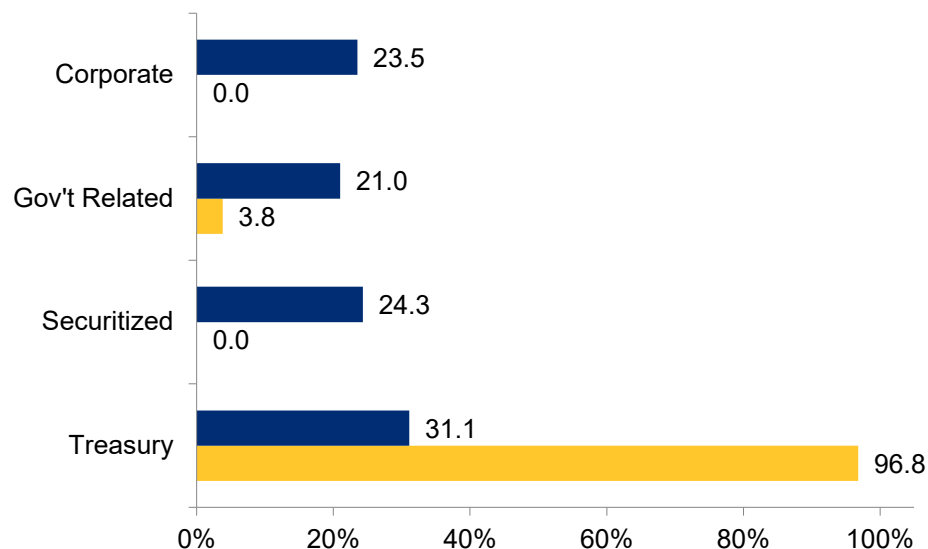
Pima County Community College – 1-3 Year Portfolio

Sector Distribution as of 11.30.21



■ Pima County Community College - 1-3 Yr
 ■ ICE BofA 1-3 Yr Tsy & Agy

Sector Distribution as of 9.30.21



■ Pima County Community College - 1-3 Yr
 ■ ICE BofA 1-3 Yr Tsy & Agy

Characteristics	Pima County Community College – 1-3 Yr as of 11.30.21	Pima County Community College – 1-3 Yr as of 9.30.21	ICE BofA 1-3 Yr Tsy & Agy
Effective Duration	1.88 years	1.78 years	1.90 Years
Market Yield	0.78%	0.54%	0.52%
Book Yield	1.07%	1.17%	--
Average Quality	AA+	AAA	AAA

As of 11.30.21

Source: RBC GAM, ICE Data Services, Sector charts exclude cash & equivalents

Duration By Sector

Pima County Community College – 1-3 Year Portfolio

	Duration As of 9/30	% Assets As of 9/30	Contribution to Duration As of 9/30	Duration As of 11/30	% Assets As of 11/30	Contribution to Duration As of 11/30
Corporate	2.41 Years	23.47%	31.86%	2.22 Years	27.94%	32.99%
Agency	1.77 Years	21.05%	21.02%	1.61 Years	21.06%	18.04%
Agency Secured	1.08 Years	24.31%	14.75%	0.93 Years	20.58%	10.18%
Treasury	1.85 Years	31.15%	32.36%	2.15 Years	33.92%	38.79%
Total	1.78 Years	100.00%	100.00%	1.88 Years	100.00%	100.00%

As of 11.30.21

Source: RBC GAM, Contribution to Duration table excludes cash & equivalents



Pima County Community College District - Ultra Short Portfolio



Portfolio Performance

Pima County Community College – Ultra Short Portfolio

10.31.21 Market Value: \$15,835,448	YTD	3Q 2021	2Q 2021	1Q 2021	4Q 2020	2020	1 Year	3 Year	5 Year	7 year	Since Inception (5.1.12)
Total Portfolio (Gross of Fees)	0.16	0.07	0.03	0.12	0.15	1.74	0.27	1.79	1.55	1.21	0.94
Total Portfolio (Net of Fees)	0.11	0.05	0.01	0.10	0.13	1.67	0.20	1.72	1.48	1.14	0.87
Principal Return	-0.63	-0.13	-0.21	-0.17	-0.24	-0.31	-0.77	0.21	0.27	0.12	-0.18
Income Return	0.80	0.21	0.24	0.28	0.39	2.05	1.05	1.58	1.27	1.09	1.12
Blended Benchmark*	-0.01	0.04	0.00	0.04	0.03	1.87	0.04	1.72	1.51	1.12	0.85
ICE BofA US 3mo T-Bill	0.03	0.02	0.00	0.02	0.03	0.67	0.05	1.12	1.15	0.87	0.66

*1.1.2019-Current: ICE BofA 0-2 Year US Treasury; 5.1.2012 thru 12.31.2018: ICE BofA 3 Month T-Bill

As of 10.31.21, returns are preliminary

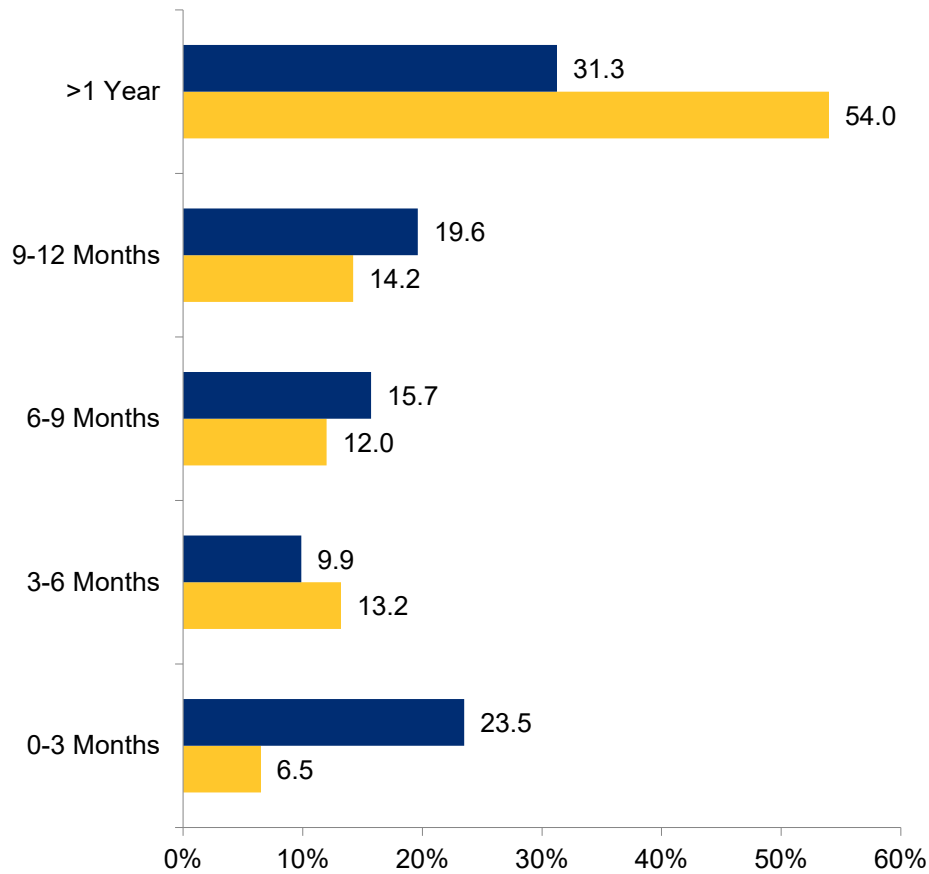
Source: RBC GAM, ICE Data Services

All returns for periods greater than one year are shown on an annualized basis. Past performance is not indicative of future results.

Portfolio Characteristics

Pima County Community College – Ultra Short Portfolio

Duration Distribution as of 11.30.21

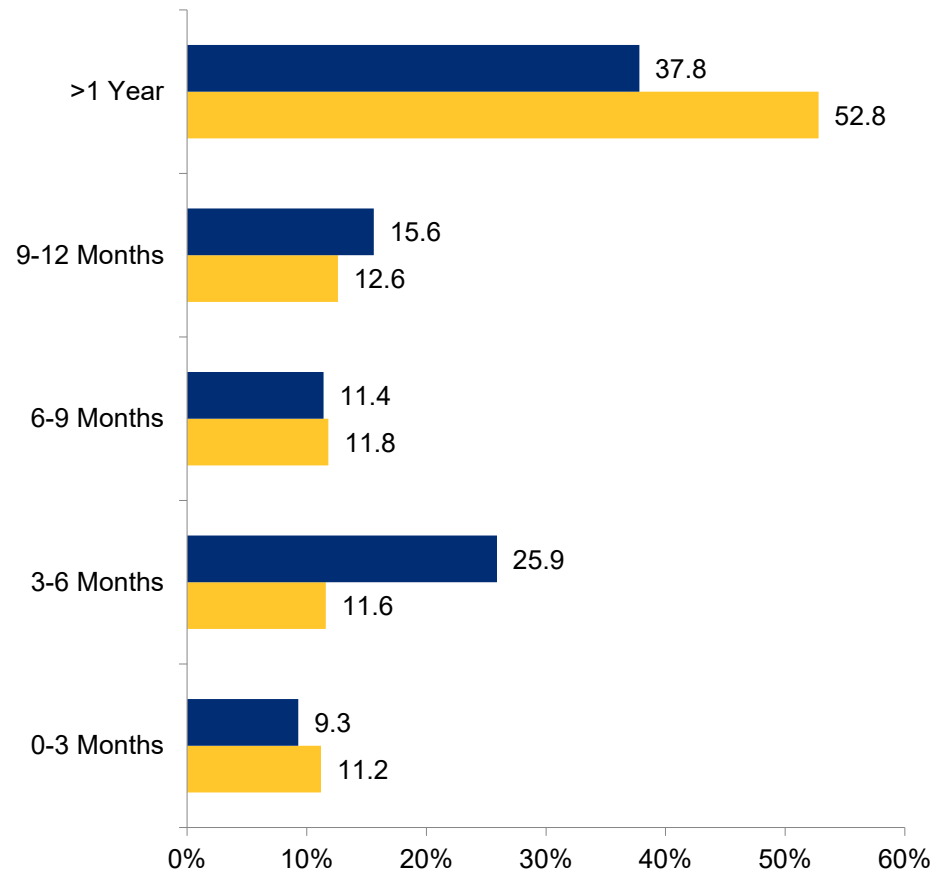


■ Pima County Community College - Ultra Short

■ ICE BofA 0-2 Yr US Treasury

As of 11.30.21
Source: RBC GAM, ICE Data Services

Duration Distribution 9.30.21



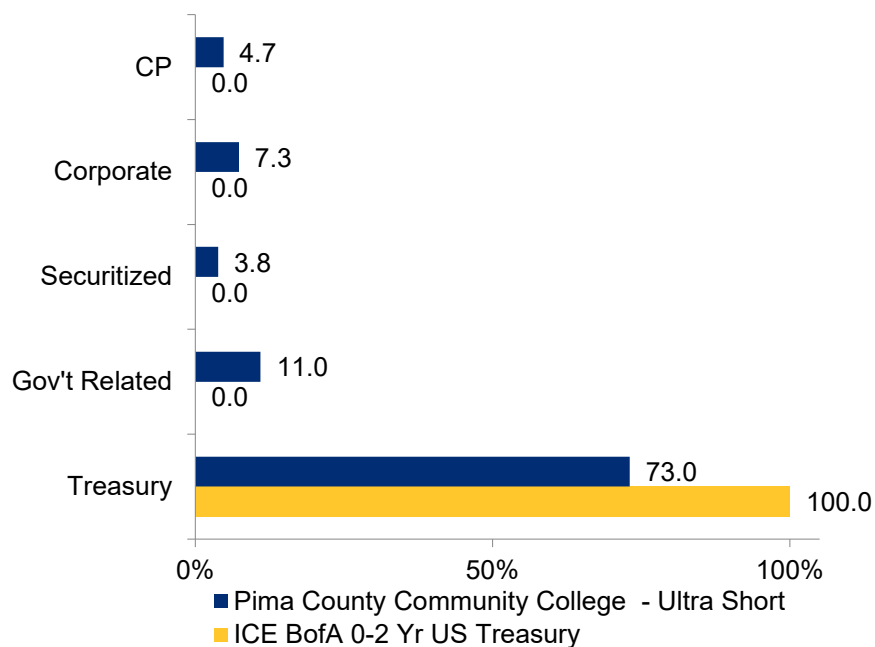
■ Pima County Community College - Ultra Short

■ ICE BofA 0-2 Yr US Treasury

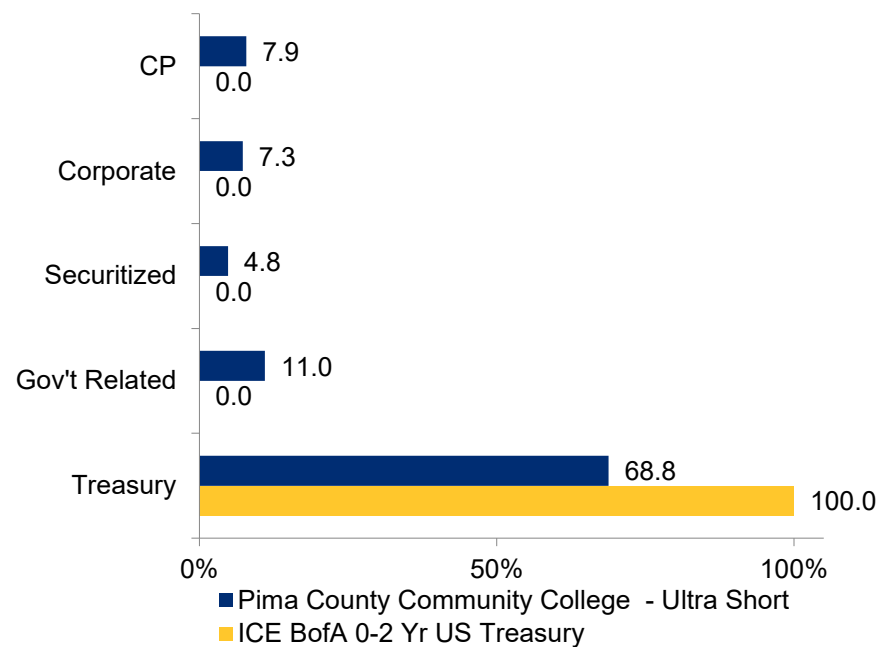


Pima County Community College – Ultra Short Portfolio

Sector Distribution as of 11.30.21



Sector Distribution as of 9.30.21



Characteristics	Pima County Community College – Ultra Short as of 11.30.21	Pima County Community College – Ultra Short as of 9.30.21	ICE BofA 0-2 Yr US Treasury
Effective Duration	0.81 years	0.85 years	1.06 years
Market Yield	0.27%	0.15%	0.28%
Book Yield	0.25%	0.24%	--
Average Quality	AAA	AAA	AAA

As of 11.30.21

Source: RBC GAM, ICE Data Services, Sector charts exclude cash & equivalents

Duration By Sector

Pima County Community College – Ultra Short Portfolio

	Duration As of 9/30	% Assets As of 9/30	Contribution to Duration As of 9/30	Duration As of 11/30	% Assets As of 11/30	Contribution to Duration As of 11/30
Corporate	0.47 Years	7.35%	4.12%	0.31 Years	7.32%	8.92%
Gov't Related	0.78 Years	10.98%	10.18%	0.62 Years	10.97%	26.73%
Commercial Paper	0.28 Years	7.89%	2.65%	0.22 Years	4.74%	4.10%
Agency Secured	0.69 Years	4.83%	3.92%	0.68 Years	3.84%	10.26%
Treasury	0.97 Years	68.80%	79.13%	0.94 Years	73.04%	5000%
Total	0.85 Years	100.00%	100.00%	0.85 Years	100.00%	100.00%

As of 11.30.21

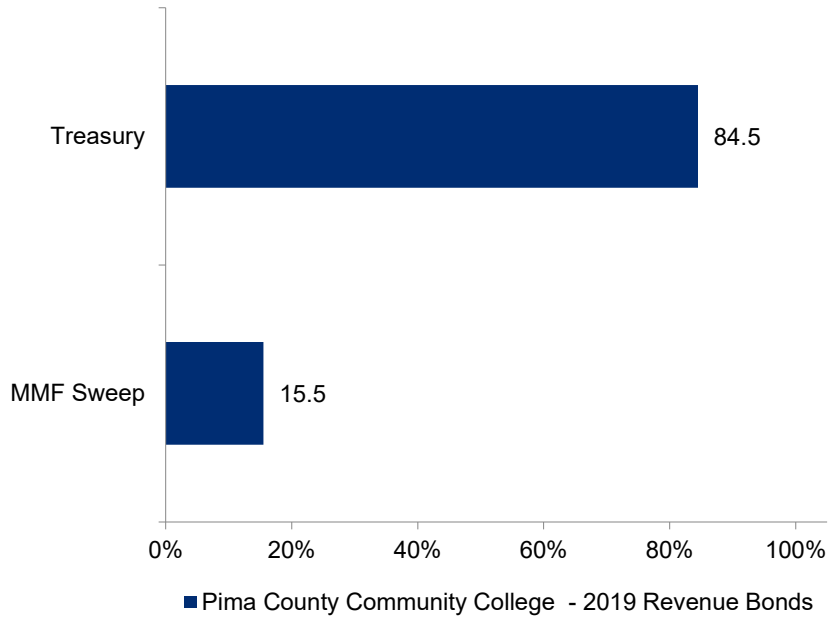
Source: RBC GAM, Contribution to Duration table excludes cash & equivalents



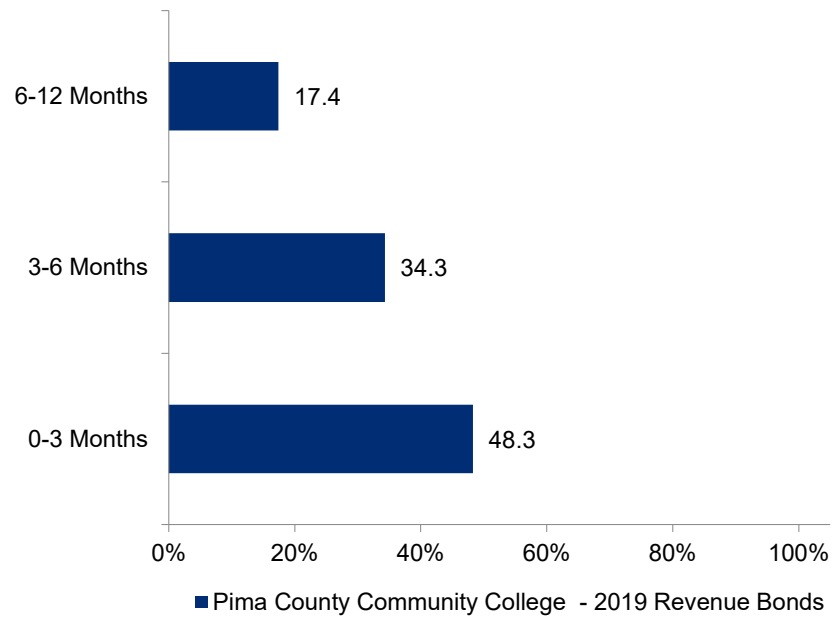
Pima County Community College District - 2019 Revenue Bonds

Pima County Community College – 2019 Revenue Bonds

Sector Distribution as of 11.30.21



Duration Distribution as of 11.30.21



Characteristics	Pima County Community College – 2019 Revenue Bonds
Effective Duration	0.27 years
Market Yield	0.06%
Book Yield	0.05%
Average Quality	AAA
Market Value	\$34,498,766

As of 11.30.21
Source: RBC GAM

Economy & Market Review

Overview

Economic recovery continued at a slower pace in the 3rd quarter

- Resurgence of COVID from delta variant weighed down on economy
 - Omicron variant injects new uncertainty in Q4
- Economic activity continues to recover, with expectations of return to pre-pandemic levels in early 2022
- Unprecedented fiscal and monetary policy helped the US avoid a lengthy recession
- The Fed continues to provide accommodative monetary policies but has begun tapering asset purchases
- The debt ceiling a key topic of debate in December
- Inflation pressures remain but would look to fall back to less concerning levels as supply chain issues resolve in 2022
- Front end rates remain historically low and anchored

U.S. still “early cycle”, though drifting toward “mid cycle” ²⁴”

U.S. business cycle scorecard

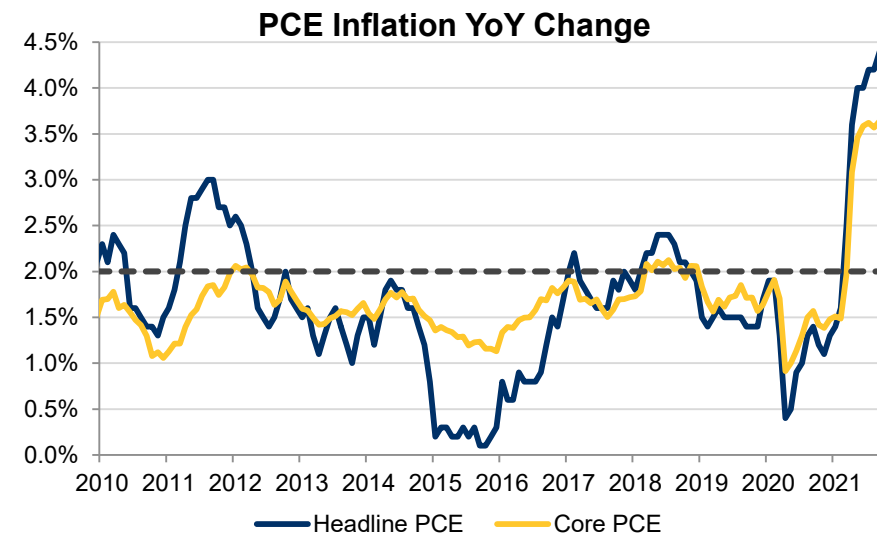
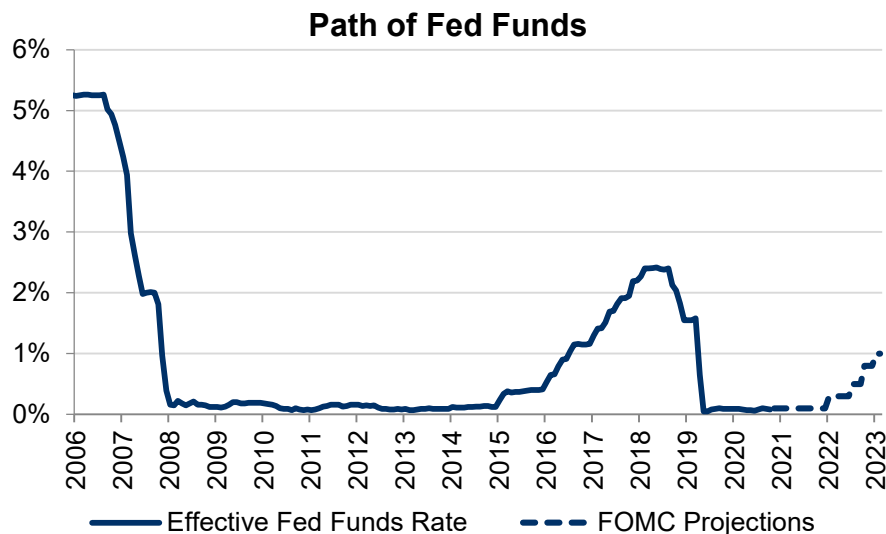
	Start of cycle	Early cycle	Mid cycle	Late cycle	End of cycle	Recession
Cycle age						
Monetary policy						
Leverage						
Credit						
Bonds						
Inventories						
Economic trend						
Sentiment						
Consumer						
Employment						
Business investment						
Volatility						
Housing						
Corporate profitability						
Equities						
Economic slack						
Prices						
Allocation to each stage of cycle	2%	53%	29%	13%	3%	0%

Note: As at 2021-08-06. Darkness of shading indicates the weight given to each input for each phase of the business cycle. Source: RBC GAM

Federal Reserve

The Fed eyes a shift from accommodative policy amid inflation concerns

- They have maintained easy-money policies throughout the pandemic to support economic recovery
 - Labor market continues to improve but still remains below pre-pandemic levels
- As inflation concerns have mounted, Fed Chair Powell has moved away from “transitory” message
 - Inflation has been more brisk than expected
 - Powell still expects inflation to eventually decline in 2022 as supply chain issues resolve
- The Fed has started tapering their asset purchase program
 - Will reduce Treasury and Agency MBS purchases by \$10bn and \$5bn per month starting in November
- FOMC currently projecting first rate increase at the end of 2022 – must complete taper first



As of 11.30.21
Source: Bloomberg, Federal Reserve

Financial Assets Continue to Soar

US IG Corporate Spreads

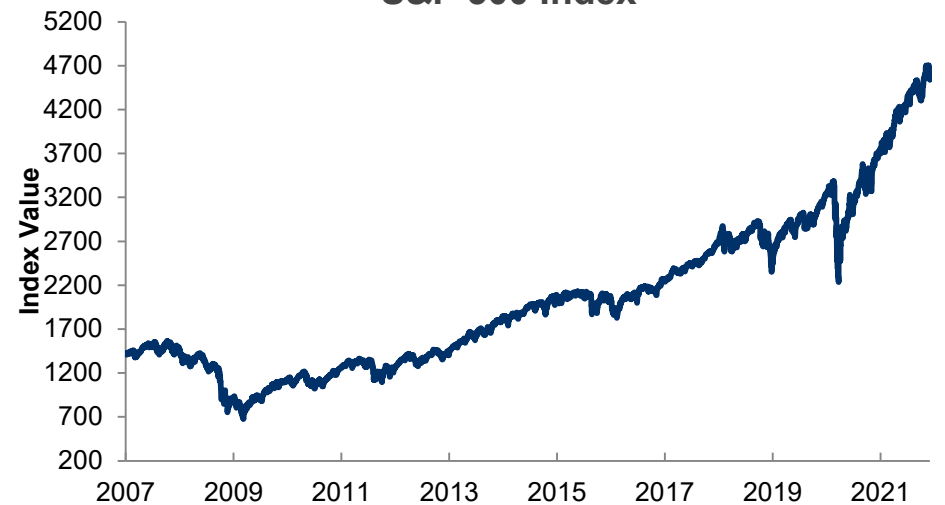


Oil Prices



- IG Corporate spreads remain at historically tight levels
- The S&P 500 continues to advance in 2021 and set record highs
- The massive, coordinated monetary and fiscal responses to Covid-19 resulted in a fast, full cycle recovery

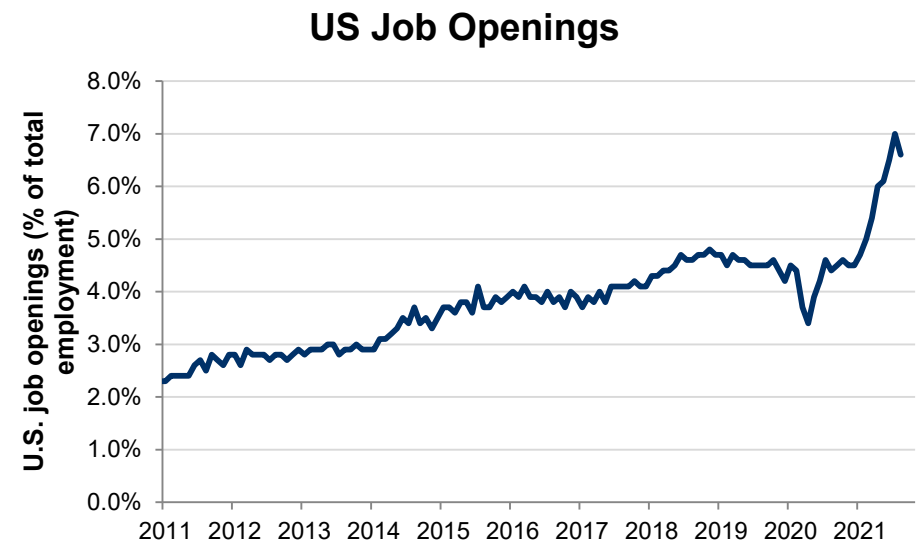
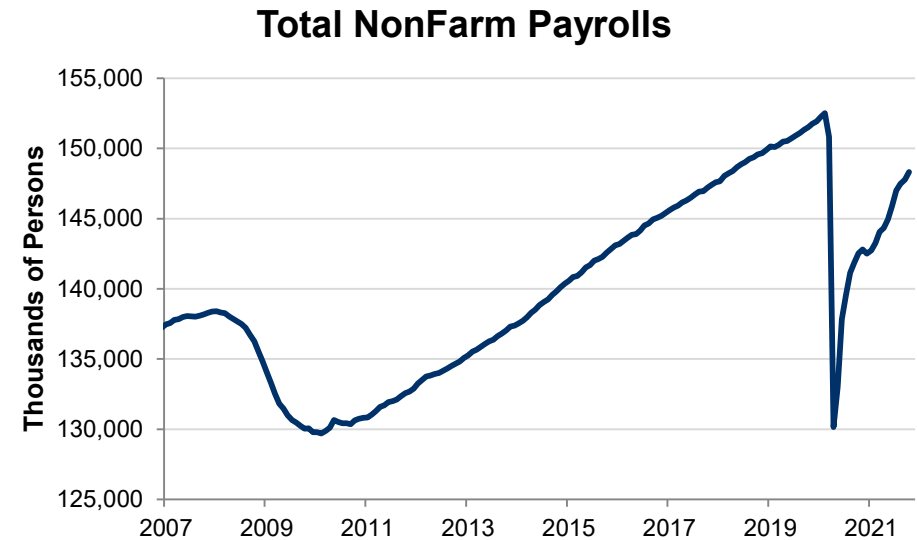
S&P 500 Index



As of 11.30.21
Source: Bloomberg

US Economy – continued, slower, growth

- Improving unemployment
 - Added 5.8M jobs year-to-date
 - Brings official unemployment rate to 4.6%
 - Remain 4.2M jobs below pre-pandemic peak
- Recovery continues to be uneven
 - Delta variant slowed hiring
 - Pace of hiring has slowed as candidates have been slow to return to workforce
- U.S. job openings at record highs
 - Structural decline in labor force participation
 - A record 4.3M Americans quit their jobs in August
- Bottom line: Uncertainty remains, but improvement continues

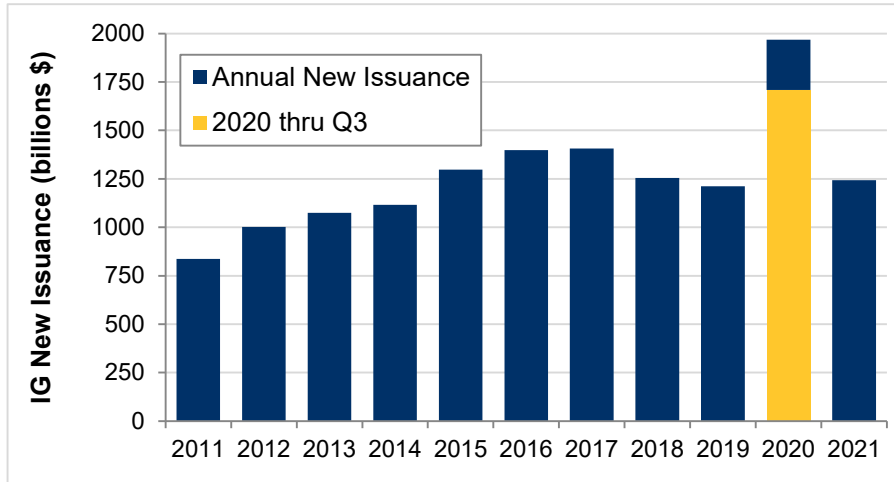


As of 11.30.21. Economic Activity Index is the average of nine high-frequency economic data series measuring the percentage change versus the same period of 2019. Source: Bank of America, Goldman Sachs, OpenTable, Macrobond, RBC GAM

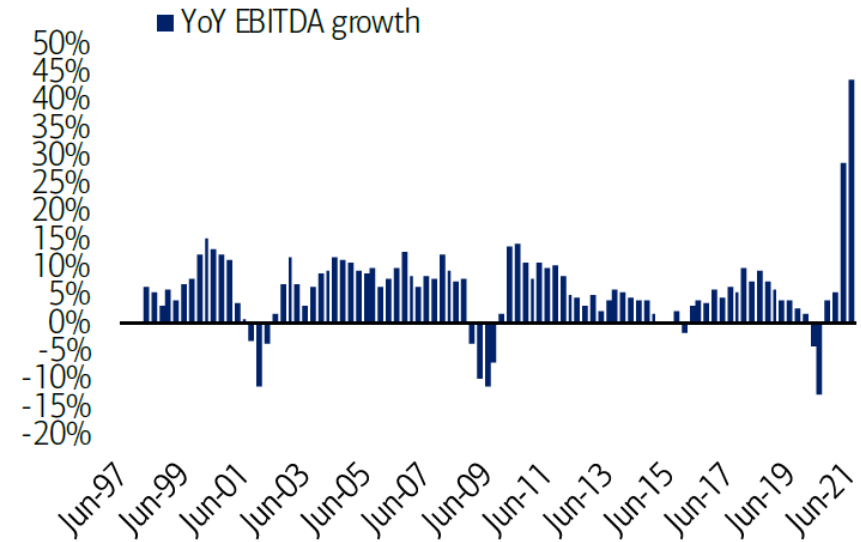
Corporate Credit Trends

Fundamentals continue to improve

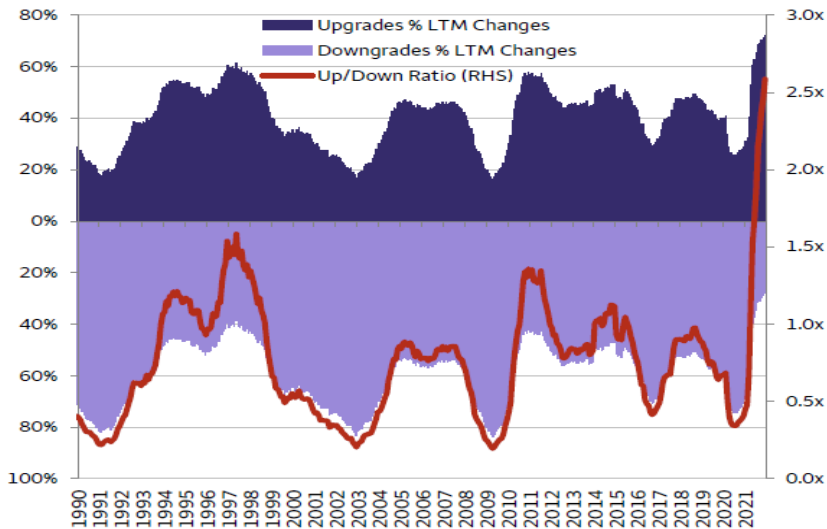
Corporate bond issuance lower after high issuance in 2020



Median YoY change in EBITDA

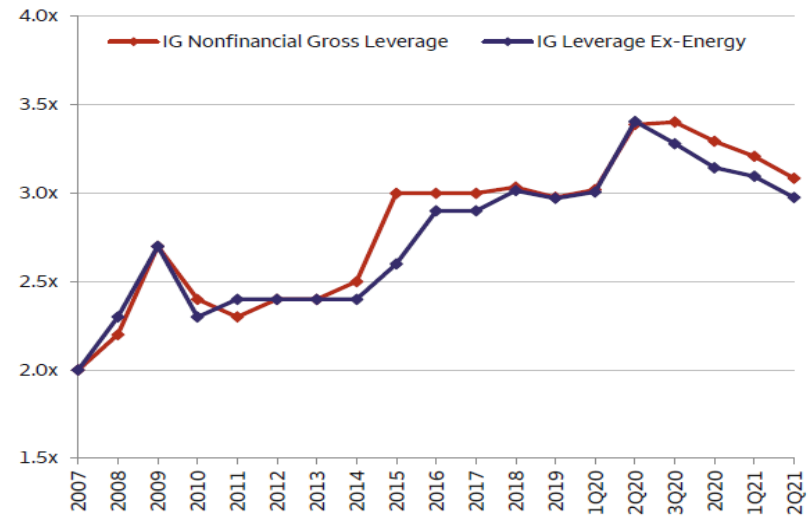


Rating cycle has come full-circle



As of 9.30.21; EBITDA data based on US investment grade non-financial non-utility issuers.
 Source: Bloomberg, BofA Global Research, Wells Fargo Securities, Moody's

Leverage back to pre-COVID levels



Credit Market Environment

Current state

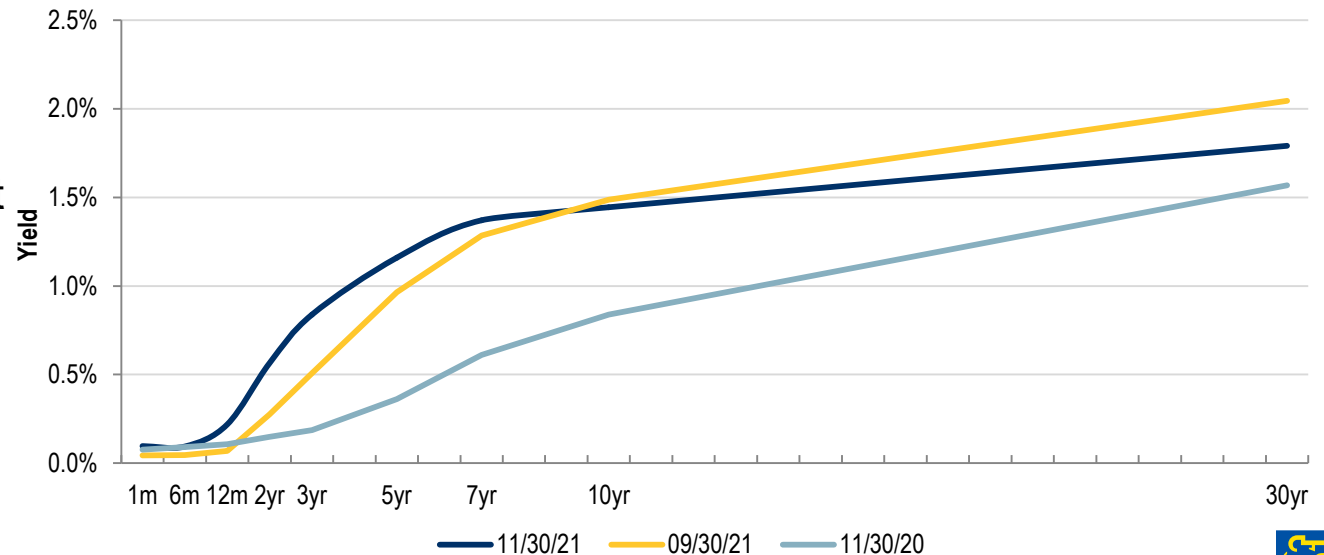
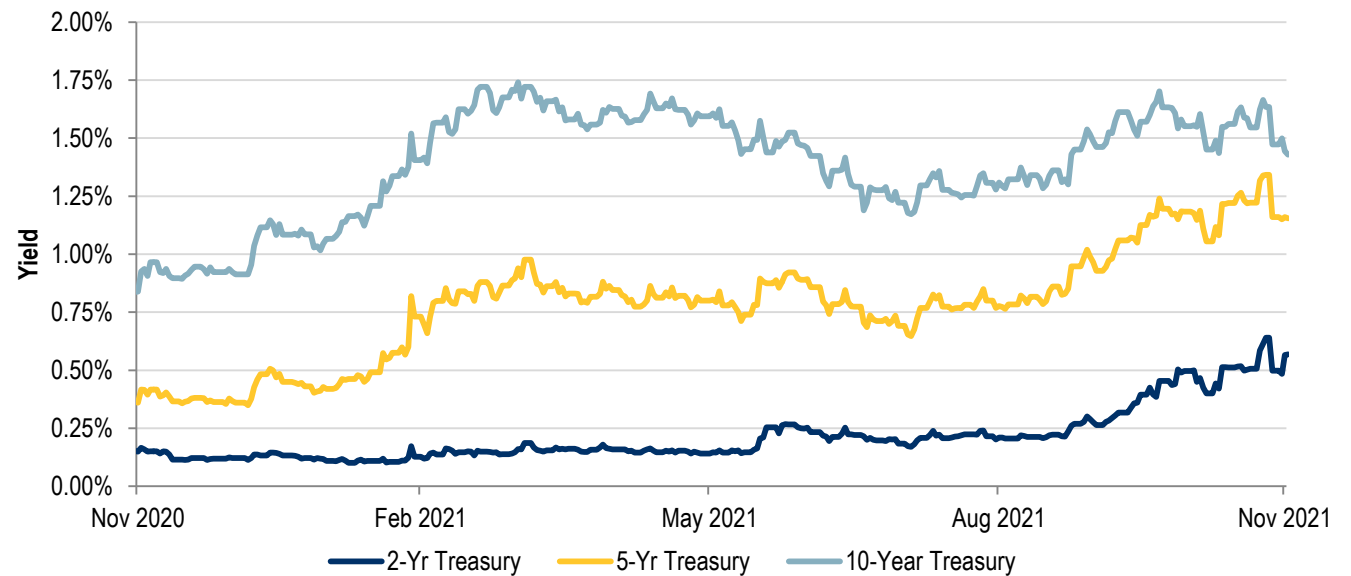
- Strong corporate earnings growth as economies reopen and consumer demand rebounds
- Cost inflation and supply chain issues are beginning to pressure margins. Large companies are better equipped to manage through these challenges.
- Debt leverage has started to decline with improved earnings and debt reduction
- Cash on company balance sheets at record level, beginning to decline
- Low global interest rates continue to support demand
- Valuations remain tight, corporate spreads at lowest level since 2007

Positioning

- Prefer companies with stable to improving credit profiles
- Focus on companies that are in the process of reducing debt
- Remain overweight to Utilities, Communications and Banks
- More defensively positioned in commodity and cyclical sectors

U.S. Treasury Rates

- Yields from 1 to 5 years have seen material increases in the 4th quarter as markets increasingly expect the Fed to pivot on policy
- Longer rates have been more range bound and recently declined on renewed COVID concerns
- Front end rates continue to be low and anchored by the Fed's policies, but have seen some liftoff



As of 11.30.21
Source: Bloomberg

Economic activity remains positive into 2022...with headwinds

- Expect continued but slower growth
 - Supply chain issues will continue to hamper global economic growth into 2022
 - Omicron variant injects new pandemic uncertainties

- Fiscal stimulus

- Dems debate on infrastructure package

- Secondary issues

- Reduced globalization
- Increased social tensions

- US GDP outlook

- 2021 expecting +6.2%
- 2022 expect further positive growth but more muted at 3.8%

- Federal Reserve –Tapering asset purchase program, closely watching inflation

- Interest Rates Recover

- Yield curve steepest since 2015
- Markets jittery about inflation, but long term dynamics will keep inflation muted
- 10-year Treasury fair value 1.50-1.75% over the medium term

- Risk assets – Continued support from strong fundamentals and investor demand

Forecast year	2021			2022		
GDP forecast	RBC GAM		RBC GAM vs. CE	RBC GAM		RBC GAM vs. CE
Forecast date	Q2 2021	Q3 2021	CE forecast, Jul 2021	Q2 2021	Q3 2021	CE forecast, Jul 2021
U.S.	6.4 → -0.2 →	6.2	-0.4	4.1 → -0.3 →	3.8	-0.6
Canada	6.1 → +0.1 →	6.2	0.0	3.7 → 0.0 →	3.7	-0.5
Eurozone	4.6 → +0.1 →	4.7	0.1	4.6 → -0.8 →	3.8	-0.6
U.K.	6.0 → +0.7 →	6.7	-0.1	6.2 → -1.2 →	5.0	-0.3
Japan	3.1 → -0.6 →	2.5	0.0	3.0 → -0.4 →	2.6	-0.4
Developed countries	5.4 → -0.1 →	5.3	-0.2	4.3 → -0.5 →	3.7	-0.6
World	6.7 → -0.1 →	6.6	0.1	4.7 → -0.2 →	4.5	-0.3

RBC GAM forecast as of 07/30/2021. RBC GAM vs CE (Consensus Economics) calculated as RBC GAM forecast minus CE forecast. Developed countries include U.S., Canada, Eurozone, U.K. and Japan. World includes developed countries aforementioned, plus China, India, South Korea, Brazil, Mexico, and Russia. Source: CE, RBC GAM

Appendix



Professionals



John A. Utter

Managing Director, Head of Institutional Client Service – U.S.

John Utter is responsible for developing and implementing industry leading client service practices and leads the firm's client service efforts, including the development of asset allocation solutions for ultra high net worth and off-shore clients. He joined RBC GAM-US in 2010 from RiverSource Investments, where he was a divisional sales director leading a sales team that helped clients with investment solutions ranging from traditional equities and fixed income to portable alpha and absolute return strategies. Before that, John spent 15 years in institutional sales assisting banks, insurance companies and hedge funds in the U.S. and Europe with their fixed income investments. He began his career in the investment industry in 1988. John earned a BA from St. Lawrence University, holds FINRA Series 7, 24 and 63 licenses and is registered as an Associated Person with the National Futures Association.

Investment Policy Statement

Pima County Community College District Investment Guidelines

The following are guidelines applicable to the placement of Pima County Community College District ("District") funds the District deems to be excess of current budgetary requirements. Investments will at all times comply with statutory and regulatory requirements governing the placement of District's public funds.

Purpose

The purpose of this Statement is to establish guidelines for the fund's investment Portfolio (the "Portfolio"). The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio's investment program and for evaluating the contributions of the Investment Manager(s) hired on behalf of the fund and its beneficiaries.

Scope

These investment guidelines shall apply to the District's general, auxiliary, and plant fund assets.

Administration

The Governing Board's Finance and Audit Committee ("Committee") will review quarterly investment performance reports received from the District's Investment Manager ("Manager") and/or the District's independent third-party Custodial Bank ("Custodian") and will provide an annual summary to the District's Governing Board. The Committee will also be responsible for periodically reviewing the District's Investment Guidelines ("Guidelines").

All trades of marketable securities will be executed through Manager by Delivery vs. Payment (DVP). Securities will be held by Custodian selected by the District and evidenced by safekeeping receipts in the District's name. The District will only conduct securities investment transactions with financial institutions and licensed security broker/dealers legally registered in the State of Arizona and on the Manager's list of approved financial institutions and brokers/dealers, a copy of which the Manager shall provide the District annually.

Objectives

The fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable stream of annual income and appreciation. The primary objectives of all District investment activities, in priority order, shall be:

1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall Portfolio. This objective focuses on mitigation of credit risk, custodial credit risk, and interest rate risk.

2. Liquidity

The investment portfolio shall be sufficiently liquid to meet anticipated operating requirements. This shall be accomplished by structuring the Portfolio such that securities mature concurrently with anticipated demands. The Portfolio shall also be structured such that the District may access invested funds necessary to cure the effects of an unexpected event.

Investment Policy Statement

3. Total Return

The investment portfolio shall be designed with the objective of attaining an optimized market rate of return throughout budgetary and economic cycles.

Consistent with a need for stability, diversification, and suitability, special consideration shall be given to investments that demonstrate a commitment to:

- Community development and/or investment, particularly in communities with minority or low income residents
- Diversity in hiring, executives, and boards with respect to sexual orientation, gender, race, and ethnicity
- Transparency and accountability in corporate governance
- Living wages for all employees
- Environmental sustainability, including reducing greenhouse emissions and improving sustainable forestry.

Permitted Investments

Investments indicated in A.R.S. § 35-323 will be permitted by these guidelines. The District has elected to further allow investment in asset classes that historically protect and maintain purchasing power. Most suitably, in portfolios with longer dated objectives. The Committee recognizes that the strategic allocation to varying asset classes with varying degrees of risk, return, and correlation will be the most significant determinate of long term

return and value stability. The Committee also expects that actual return volatility may vary from expectations and objectives across short periods of time.

While the Committee wishes to retain flexibility with respect to making periodic changes, it expects to do so only in the event of material changes to the fund, to the assumptions underlying fund spending, and/or to the capital markets and asset classes in which the Portfolio invests.

Each asset class should not be considered alone, but by the role it plays in a diversified Portfolio. Diversification among asset classes has historically increased returns and reduced overall Portfolio risk. How asset classes relate to each other is the key to making asset allocation decisions within the context of overall risk and return. With these tenets in mind, the Committee has outlined permissible assets as follows:

1. Certificates of deposit in eligible depositories as defined in A.R.S. § 35-321.
2. Certificates of deposit in one or more federally insured banks or savings and loan associations in accordance with the procedures prescribed in A.R.S. § 35-323.01.
3. Interest bearing savings accounts in banks and savings and loan institutions whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository (as defined in A.R.S. § 35-321) to the same extent and in the same manner as required under A.R.S., Title 35, Chapter 2, Article 2.1.
4. Repurchase agreements with a maximum maturity of one hundred eighty days.

Investment Policy Statement

The pooled investment funds established by the Arizona State Treasurer pursuant to A.R.S. § 35-326.

6. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities.

7. Bonds, notes, or other evidences of indebtedness of Arizona or any of its counties, incorporated cities or towns, or school districts that are rated AA by Moody's Investors Service or Standard and Poor's rating service or their successors.

8. Bonds, notes, or evidences of indebtedness of any county, municipal district, municipal utility, or special taxing district of any state that are payable from revenues, earnings, or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment. Debt must be rated AA by Moody's Investors Service or Standard and Poor's rating service or their successors.

9. Bonds, notes, or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. Debt must be rated AA by Moody's Investors Service or Standard and Poor's rating service or their successors.

An investment shall not be made if:

The face value of all such obligations, and similar obligations outstanding, exceeds fifty per cent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.

b. A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.

10. Commercial paper of prime quality that is rated "PI" by Moody's Investors Service or rated "A1" or better by Standard and Poor's rating service or their successors. All commercial paper must be issued by corporations organized and doing business in the United States.

Investment Policy Statement

Bonds, debentures, and notes that are issued by corporations organized and doing business in the United States and that are rated "AA" or better by Moody's Investor Service or Standard and Poor's rating service or their successors. Ratings apply at the time of purchase. In the event that a security is subsequently downgraded below the minimum rating criteria, the Manager will review the position with the District to determine the appropriate course of action.

12. Securities of or any other interests in any open-end or closed-end management type investment companies or investment trust, including exchange traded funds whose underlying investments are invested in securities allowed by this investment guidelines statement, and registered under the Investment Company Act of 1940, as amended.

13. Cash and Cash Equivalents: Cash and cash equivalents can present risk for an institution with a long-term horizon due to the low return and the diminution of purchasing power that entails. It is considered expected to maintain cash and cash equivalents consistent with the operational needs of the College for payables in addition to a minimum of eight percent of the revenues of the current general and designated fund budgets. Outside of extraordinary market dislocation periods, cash will exist from time to time for transaction and/or rebalancing needs.

Diversification and Duration

Maximum percentage of market value of all invested fund assets, as described in "Scope" above:

Position Size: 5% targeted maximum in any one security
 Issuer: 5% targeted maximum in any one issuer

Exemptions to Issuer Maximum Include:

- Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities.
- Interest bearing accounts, certificates of deposit, or repurchase agreements which are collateralized with obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities.

Shorter duration bonds carry less risk than longer duration bonds and result in better price stability in distressed market environments. If cash is needed in this period, shorter duration bonds provide a source of funds that have had minimal price deterioration.

The Committee recognizes that the long term average fixed income yield curve has a modest upward slope. Standard deviation (price volatility), on the other hand, slopes more dramatically upward in the same frame. Comparing historical returns with historical risk, we understand longer maturity bonds are not an efficient form of compensated risk over the long term, especially beyond 5 year maturities.

Investment Policy Statement

Investment Allocations

<u>Type</u>	<u>Maximum Allocation</u>
Cash	20%
Certificates of Deposit (Term)	50%
Repurchase Agreements	50%
Pooled Investments (LGIP)	50%
U.S. Government Obligations/TIPS	100%
U.S. Government Agencies	100%
Municipal Securities	20%
Commercial Paper	20%
Corporate Bonds	50%

Percentages apply at the time of purchase, allowing for moderate drift with long term holding intent. If the percentages are materially exceeded due to redemption or other activity, the Manager will seek to realign the Portfolio within the maximum targeted percentages.

Arizona Revised Statutes

35-323 - Investing public monies; bidding; security and other requirements

35-323. Investing public monies; bidding; security and other requirements

A. The treasurer shall invest and reinvest public monies in securities and deposits with a maximum maturity of five years. All public monies shall be invested in eligible investments. Eligible investments are:

1. Certificates of deposit in eligible depositories.
2. Deposits in one or more federally insured banks or savings and loan associations placed in accordance with the procedures prescribed in section 35-323.01.
3. Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under this article.
4. Repurchase agreements with a maximum maturity of one hundred eighty days.
5. The pooled investment funds established by the state treasurer pursuant to section 35-326.
6. Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
7. Bonds, notes or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, school districts or special taxing districts, including registered warrants that shall bear interest pursuant to section 11-635.
8. Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district of any state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the principal and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if no default in payment on principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if such obligations were issued less than five years before the date of investment, no default in payment of principal or interest has occurred on the obligations to be purchased nor any other obligations of the issuer within five years of the investment.
9. Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. An investment shall not be made if:
 - (a) The face value of all such obligations, and similar obligations outstanding, exceeds fifty percent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.
 - (b) A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.
10. Commercial paper of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States.
11. Bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies.
12. Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association.

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35-323 - Investing public monies; bidding; security and other requirements

13. Securities of or any other interests in any open-end or closed-end management type investment company or investment trust, including exchange traded funds whose underlying investments are invested in securities allowed by state law, registered under the investment company act of 1940 (54 Stat. 789; 15 United States Code sections 80a-1 through 80a-64), as amended.
- B. Certificates of deposit shall be purchased from the eligible depository bidding the highest permissible rate of interest. No monies over one hundred thousand dollars may be awarded at any interest rate less than one hundred three percent of the equivalent bond yield of the offer side of United States treasury bills having a similar term. If the eligible depository offering to pay the highest rate of interest has bid only for a portion of the monies to be awarded, the remainder of the monies shall be awarded to eligible depositories bidding the next highest rates of interest.
- C. An eligible depository is not eligible to receive total aggregate deposits from this state and all its subdivisions in an amount exceeding twice its capital structure as outlined in the last call of condition of the superintendent of financial institutions.
- D. If two or more eligible depositories submit bids of an identical rate of interest for all or any portion of the monies to be deposited, the award of the deposit of the monies shall be made to the eligible depository among those submitting identical bids having, at the time of the bid opening, the lowest ratio of total public deposits in relation to its capital structure.
- E. Each bid submitted, and not withdrawn prior to the time specified, constitutes an irrevocable offer to pay interest as specified in the bid on the deposit, or portion bid for, and the award of a deposit in accordance with this section obligates the depository to accept the deposit and pay interest as specified in the bid pursuant to which the deposit is awarded.
- F. The treasurer shall maintain a record of all bids received and shall make available to the board of deposit at its next regularly scheduled meeting a correct list showing the bidders, the bids received and the amount awarded. These records shall be available to the public and shall be kept in the possession of the treasurer for not less than two years from the date of the report.
- G. Any eligible depository, before receiving a deposit in excess of the insured amount under this article, shall deliver collateral for the purposes of this subsection equal to at least one hundred two percent of the deposit. The collateral shall be any of the following:
 1. A bond executed by a surety company that is approved by the treasury department of the United States and authorized to do business in this state. The bond shall be approved as to form by the legal advisor of the treasurer.
 2. Securities or instruments of the following character:
 - (a) United States government or agency obligations.
 - (b) State, county, school district and other district municipal bonds.
 3. The safekeeping receipt of a federal reserve bank or any bank located in a reserve city, or any bank authorized to do business in this state, whose combined capital, surplus and outstanding capital notes and debentures on the date of the safekeeping receipt are ten million dollars or more, evidencing the deposit therein of any securities or instruments described in this section. A safekeeping receipt shall not qualify as security, if issued by a bank to secure its own public deposits, unless issued directly through its trust department. The safekeeping receipt shall show upon its face that it is issued for the account of the treasurer and shall be delivered to the treasurer. The safekeeping receipt may provide for the substitution of securities or instruments which qualify under this section with the affirmative act of the treasurer.
 4. Letters of credit issued by a federal home loan bank if:
 - (a) The letter of credit has been delivered pursuant to this section or chapter 10, article 1 of this title to the statewide

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Arizona Revised Statutes

35-323 - Investing public monies; bidding; security and other requirements

collateral pool administrator.

(b) The letter of credit meets the required conditions of:

(i) Being irrevocable.

(ii) Being issued, presentable and payable at a federal home loan bank in United States dollars. Presentation may be made by the beneficiary submitting the original letter of credit, including any amendments, and the demand in writing, by overnight delivery.

(iii) If the letter of credit is for purposes of chapter 10, article 1 of this title, containing a statement that identifies the statewide collateral pool administrator as the beneficiary.

(iv) Containing an issue date and a date of expiration.

(c) For the purposes of chapter 10, article 1 of this title, the eligible depository, if notified by the statewide collateral pool administrator, is not allowed to use new letters of credit issued by a federal home loan bank if that federal home loan bank fails to pay a draw request as provided for in the letters of credit or fails to properly complete a confirmation of such letters of credit.

H. The securities, instruments or safekeeping receipt for the securities and instruments shall be accepted at market value if not above par, and, if at any time their market value becomes less than the deposit liability to that treasurer, additional securities or instruments required to guarantee deposits shall be deposited immediately with the treasurer who made the deposit and deposited by the eligible depository in which the deposit was made.

I. The condition of the surety bond, or the deposit of securities, instruments or a safekeeping receipt, must be such that the eligible depository will promptly pay to the parties entitled public monies in its custody, upon lawful demand, and will, when required by law, pay the monies to the treasurer making the deposit.

J. Notwithstanding the requirements of this section, any institution qualifying as an eligible depository may accept deposits of public monies to the total then authorized insurance of accounts, insured by federal deposit insurance, without depositing a surety bond or securities in lieu of the surety bond.

K. An eligible depository shall report monthly to the treasurer the total deposits of that treasurer and the par value and the market value of any pledged collateral securing those deposits.

L. When a security or instrument pledged as collateral matures or is called for redemption, the cash received for the security or instrument shall be held in place of the security until the depository has obtained a written release or provided substitute securities or instruments.

M. The surety bond, securities, instruments or safekeeping receipt of an eligible depository shall be deposited with the treasurer making the deposit, and the treasurer shall be the custodian of the bond, securities, instruments or safekeeping receipt. The treasurer may then deposit with the depository public monies then in the treasurer's possession in accordance with this article, but not in an amount in excess of the surety bond, securities, instruments or safekeeping receipt deposited, except for federal deposit insurance.

N. The following restrictions on investments are applicable:

1. An investment of public operating fund monies shall not be invested for a maturity of longer than five years.

2. The board of deposit may order the treasurer to sell any of the securities, and any order shall specifically describe the securities and fix the date upon which they are to be sold. Securities so ordered to be sold shall be sold for cash by the treasurer on the date fixed in the order, at the then current market price. The treasurer and the members of the board are not accountable for any loss occasioned by sales of securities at prices lower than their cost. Any loss or expense shall be charged against earnings received from investment of public funds.

35-323 - Investing public monies; bidding; security and other requirements

3. Investments shall not be made in companies identified pursuant to section 35-392, subsection A, paragraph 1.

O. If the total amount of subdivision monies available for deposit at any time is less than the maximum coverage amount of the federal deposit insurance corporation, the subdivision board of deposit shall award the deposit of the funds to an eligible depository in accordance with an ordinance or resolution of the governing body of the subdivision. Deposits of less than the maximum coverage amount of the federal deposit insurance corporation are not subject to the requirements of this chapter.

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Sources of Information: Bloomberg, FactSet, FT Interactive Data, State Street Bank and Trust Company, BofA Merrill Lynch, MSCI and various other sources from time to time, as may be referenced on the report page of their use.

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**Office of the Internal Auditor Executive Summary Quarterly Report
December 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 (Internal Audit) continues to monitor and follow-up with management on all open audit findings. During the past quarter, the Internal Auditor checked periodically on the status of actions to address findings in the following areas: Automotive Technology Audit, Health Insurance Portability and Accountability Act (HIPAA) Audit, Information Technology Audit, Key Controls Review, 2020 CIEGE Audit, Clery Act Compliance Audit, and Procurement and Contracts Audit. See the Audit Recap section below for more details.

On November 16, 2021, Internal Audit conducted the entrance meeting for the Safety and Security Audit. The audit objectives are to evaluate: the current policies and procedures related to safety and security; the effectiveness and efficiency of key safety and security processes and related internal controls to ensure compliance with PCC’s policies and procedures and regulatory requirements; the quality and integrity of information systems supporting the safety and security processes; and the environmental design prevention strategies for each of the campuses.

Internal Audit is planning the Capital Projects and Information Technology audits. The objective of the Capital Projects audit is to conduct a business process review of fiscal controls, accounting controls, project monitoring, and funding compliance. The objective of the Information Technology engagement is to perform a risk assessment of Pima Community College’s information technology key controls. These audits will be co-source with HeinfeldMeech. On November 4, 2021, Internal Audit received a proposal for these projects; an entrance meeting is scheduled for December 2021. More details will be provided in the next quarterly report.

On November 4, 2021, Internal Auditor met with the Acting Vice President Student Affairs and Dean of Enrollment Management to obtain an understanding of the distribution and awareness for the Student Code of Conduct Policy. Process was discussed and supporting documentation was provided and reviewed.

During the months of September, October, and November, Internal Auditor attended the Security and Access Control Work Group (SACG) meetings. The SACG is a monitoring work group established by Facilities and is comprised of designated representatives from various departments (e.g. Facilities Operations, Access Control, College Police, Human Resources, Information Technology, Environmental Health and Safety) that define and recommend standards for College access control within the Security and Access Control Operating Procedures per AP 8.01.02. The role of Internal Audit is to assess and make recommendation on the effectiveness of the existing and new/proposed



controls. 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.

Internal Audit continues working with the Strategy, Analytics and Research (STAR) Department and 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 through the Office of Economic Opportunity statewide employment portal project) and Information Technology Data Security Committee.

During this quarter, Internal Auditor has attended several virtual webinars. Some of these include: Managing Your Risk Against a Ransomware Attack; Reducing the Risk of a Cyber Attack in Higher Education; Survey of the Higher Ed Landscape; and Pima Community College Wellness Webinars. Some webinars offered Continuing Professional Education (CPE) credits.

Audit Recap

Internal Audit continues to monitor and follow-up with management on all audits with open items for both current and past audit engagements (Automotive Audit, Health Insurance Portability and Accountability Act (HIPAA) Audit, Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning Audit, Key Controls Review, 2020 Center for International Education and Global Engagement Audit, Clery Act Compliance Audit, and Procurement and Contracts Audit. During this quarter, there were two findings closed. Currently there are 58 findings closed (87%) and 9 findings open* (13%) as depicted below:

***Matrix includes the Procurement and Contracts Audit Finding**

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)	Mar. 2022

Comments: Automotive Management in collaboration with the Vice Chancellor Strategy, Analytics and Research are working in the implementation process of the job placement rates to ensure programs are meeting the needs of students and industry. The Office of Economic Opportunity (OEO) statewide employment portal project is experiencing delays on the portal implementation. The OEO is currently working on system authorization and workflow implementation. The implementation date was moved from 12/31/2021 to 3/31/2022. The risk rating for the remaining open item is medium.



Pima County Community College District

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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)
2020 Center for International Education and Global Engagement	Nov. 20,2020	5	1	Vice President of International Development & Vice Chancellor for Educational Services and Institutional Integrity	Apr. 2021 (longest date out)	Mar. 2022
<p>Comments: The remaining open item is related to formalize job descriptions and provide training to staff working at the Educational Orientation Window (EOW) at the Consulate of Mexico, Tucson Office. Management met with the Human Resources Department; a job description is being developed for this position. Management will also meet with Consulate personnel to communicate PCC staff roles and responsibilities while at the consulate EOW. The implementation date for this finding was moved from 12/31/2021 to 3/31/2022. The risk rating for the remaining open item is high.</p>						
Health Insurance Portability and Accountability Act (HIPAA)	May 20, 2016 & Jul. 31, 2017	37	1	The Assistant Vice Chancellor (AVC) of Information Technology (IT), Employee Service Center (ESC) Director	May 2019 (longest date out)	Dec. 2021
<p>Comments: There was one item closed during this quarter. This item was related to the approval and implementation of the HIPAA Sanction Policy. The remaining open item is related to the implementation of a Governance Security Committee. Based on the last update, the Director of Security CISO conducted the first meeting. Internal Audit is awaiting supporting documentation to close this item. The implementation date for this item is 12/31/2021. The risk rating for the remaining open items are high.</p>						
Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning	May 26, 2016 & May 31, 2017	3	1	Director of Cybersecurity	May 2019	Jun. 2022
<p>Comments: IT Management has implemented the Disaster Recovering Plan (DRP) Policy; DRP testing has begun; full testing will be completed by June 2022. The Acting AVC/CIO 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: During this quarter, there has been progress; card and camera installations occurred at various campuses (e.g. DV, WC and DC and EC. All FY22 major construction projects will include card readers. In addition, Traka cabinets have been ordered and delivered; installation is pending finalization of the best locations in collaboration with Campus Vice Presidents. The risk rating for the remaining open item is high.</p>						



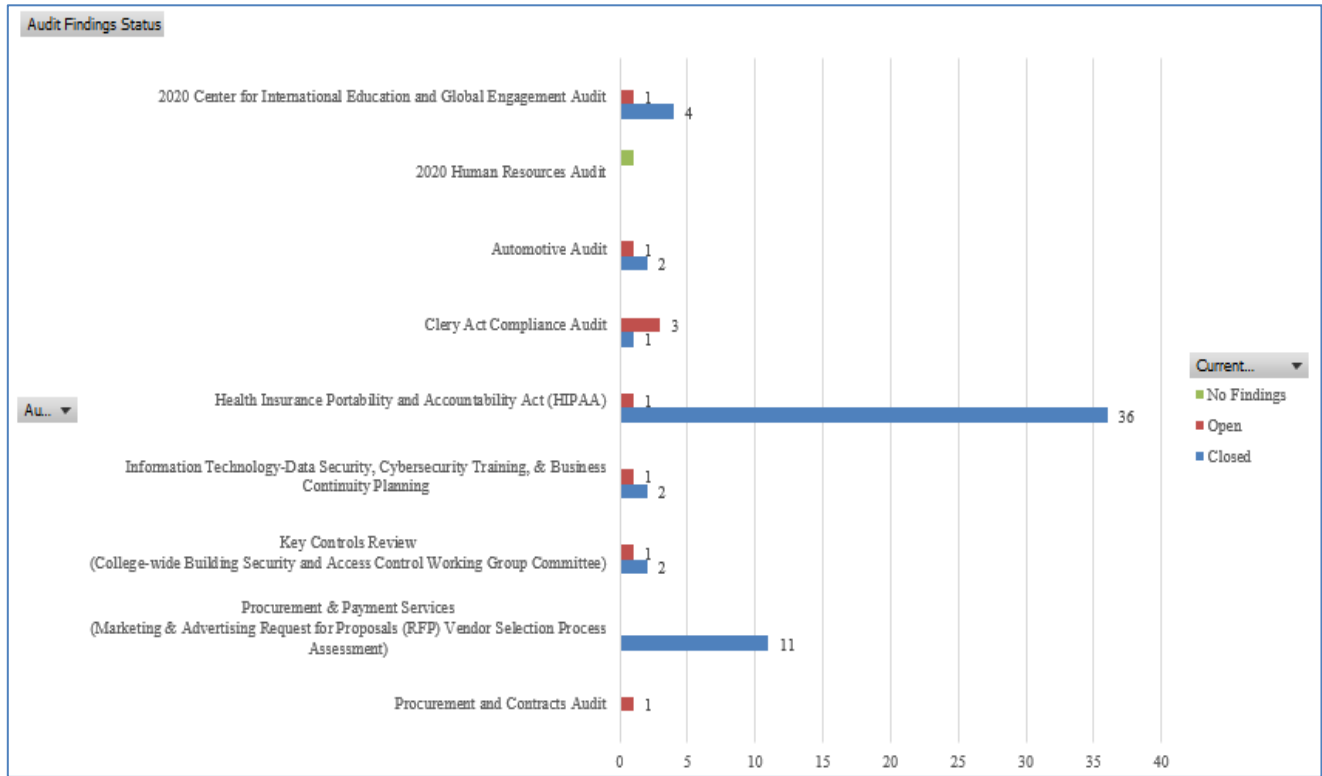
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Audit Title	Audit(s) Date (Initial & Follow up Audits)	Number of Findings Issued	Number of Findings Open	Department/Area	Expected Completion Date * (Based on Audit Report)	New Expected Completion Date (Based on Follow-up)
Procurement & Payment Services (Marketing & Advertising Request for Proposals (RFP) Vendor Selection Process Assessment)	Dec. 16, 2019	11	0	Director of Procurement & Payment Services	Mar. 2021 (longest date out)	Dec. 2020 & Mar. 2021
<p>Comments: All remaining items were closed in Q2 2021. The Director of Procurement and Payment Services provided supporting documentation for the remaining open items. These items were related to formalizing processes and procedures (e.g. vendor selection, evaluation committee training, etc.) and updating internal forms (e.g., Request for Qualifications Summary Evaluation Team Recommendation, etc.).</p>						
Clery Act Compliance Audit	May 25, 2021	4	3	Public Safety Management	Mar. 2022 (longest date out)	Mar. 2022
<p>Comments: There was one item closed during this quarter. The item was related to amending reported crime statistics and updating crime logs. The remaining items are related to updating/formalizing policies and procedures, reviewing/updating Campus Security Authority (CSA) job description with roles and responsibilities, and enrollment to the emergency alert notification system. The Clery Act Compliance Officer, Public Safety Management, and Facilities Management are currently working on the remediation of these findings. The risk rating for the open items range from low to high.</p>						
Procurement and Contracts Audit	6/30/2021	1	1	Procurement and Payment Services Management	Dec. 2021	Dec. 2021
<p>Comments: The noted item is related to duplicate and inactive vendors. Management is currently working on the remediation of this finding. The implementation date for this item is 12/31/2021. The risk rating for this item is low.</p>						
TOTAL		67	9	Percentage Closed 87%	Percentage Open 13%	

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

** Internal Audit 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				
				Total
Automotive Audit	1	0	2	3
Health Insurance Portability and Accountability Act (HIPAA)	1	0	36	37
Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning	1	0	2	3
Key Controls Review(College-wide Building Security and Access Control Working Group Committee)	1	0	2	3
Procurement & Payment Services(Marketing & Advertising Request for Proposals (RFP) Vendor Selection Process Assessment)	0	0	11	11
2020 Center for International Education and Global Engagement Audit	1	0	4	5
Clery Act Compliance Audit	2	1	1	4
Procurement and Contracts Audit	1	0	0	1
Total	8	1	58	67



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 item related to the Arizona Auditor General audit was remediated in May 2021.

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	0	Director of Records Management	June 2020	December 2020 (Substantially Complete)
Comments: The item was closed in May 2021. A “Change Management Policy” was completed; change management requests are initiated, reviewed, approved and tracked via the TDX platform.						
TOTAL		1	0	Percentage Closed 100%	Percentage Open 0%	

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**
	2020 - 2021	2021 - 2022		
<u>Audits / Projects:</u>				
2021 College Risk Assessment & Audit Plan Report	Spring 2021		Complete	-
Clery Act Compliance Audit	Spring 2021		Complete	High
Purchasing & Contracting	Spring 2021		Complete	Medium
Information Technology		Fall 2021	In Progress	High
Facilities Management (Capital Projects and Safety & Security)		Fall 2021	In Progress	High
Grants Management		Spring 2022	-	Medium
Enrollment Management		Spring 2022	-	Medium
Human Resources/Payroll		Spring 2022	-	Medium
<u>Advisory Services:</u>				
Special Projects and Reviews		Fall 2021 – Spring 2022	Ongoing	-
Advising & Academic Support		Fall 2021 – Spring 2022	Ongoing	-
<u>External Audits Support / Follow-ups:</u>				
Arizona Office of the Auditor General’s Audit Support and follow-up	Spring 2021	-	Complete	-
Follow-up on Audit Findings*** (e.g. Automotive Audit; 2020 Center for International Education and Global Engagement; Clery Act Compliance Audit; Health Insurance Portability and Accountability Act (HIPAA) Data Security; Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning; Key Controls)	Fall 2020 - Spring 2021	Fall 2021 - Spring 2022	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:

Higher Education Compliance Alliance

September 24, 2021

Safer Federal Workforce Task Force COVID-19 Workplace Safety: Guidance for Federal Contractors and Subcontractors.

https://www.saferfederalworkforce.gov/downloads/Draft%20contractor%20guidance%20doc_20210922.pdf

U.S. Department of Education

October 8, 2021

U.S. Department of Education announced the establishment of an Office of Enforcement within Federal Student Aid.

<https://www.ed.gov/news/press-releases/us-department-education-establish-enforcement-office-within-federal-student-aid>

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

U.S. Department of Education

October 15, 2021

U.S. Department of Education Increases Servicer Performance, Transparency, and Accountability Before Loan Payments Restart.

<https://www.ed.gov/news/press-releases/us-department-education-increases-servicer-performance-transparency-and-accountability-loan-payments-restart>

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



Enterprise Risk Management and Compliance Report December 2021

<p>Pima Community College's Enterprise Risk Management (ERM) framework is primarily ISO 31000 based, complemented by principles from the COSO standard.</p>	<p>Our objective is to integrate risk assessment and risk awareness into everyday decision-making, understanding that risk is the effect of uncertainty upon objectives. Risk includes both opportunity and consequence, as the effect can be both positive and negative. This requires decision makers to have a clear understanding of our strategic and key tactical objectives.</p>
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Program Development Update

Many organizations implementing Enterprise Risk Management (ERM) jump directly to a risk register and focus upon the highest impact. PCC is designing the framework to inform all decision-making, including those items that will eventually be managed more closely as part of a risk register.

Risk Assessment Tools

Draft risk assessment tools are in development to be a starting place for an ERM workgroup. The process has slowed as the Director is also facilitating the vaccine mandate steering group. Some concepts are original in nature and some are using concepts and principles from around the world.

- NCSU's non-profit toolkit provides both ERM program and decision-making risk assessment tools, enhanced to better evaluate opportunity.
- A new strategy alignment map helps visualize alignment of our commitments, strategic plan initiatives, and the Chancellor's goals. A broader matrix of continuous improvement themes applicable to the entire institution grew from concepts used by Brown University.
- Concepts for evaluating opportunity came from The Citadel and the University of Vermont.
- Concepts for a risk appetite statement, evaluating consequence in light of risk appetite, identifying management controls and considerations, and identifying management strategies came from Queensland University.

As we tailor the principles into a PCC starting point model, we are also generating interest as we discuss them with others. Several prestigious universities are requesting copies of the drafts as they look for tools and resources to take them to the next level. The District of Columbia is incorporating some of the models into their new program.

Hi David,

Hope you're doing well! We're about to present the first version of our ERM Framework to our leadership in a couple weeks, in addition to our agency template and first installment of training materials. Your materials/advice have been so helpful, and of course we have credited you/PIMA County College in our resources.

A trial run through the tools as we began to respond to the Federal Contractor Executive Order helped us quickly identify the most important issues and some management considerations we needed to address early. Combining emerging risk tools with tools designed for evaluation when questions were more fully answered quickly demonstrated value.

Next Steps

An ERM workgroup has been identified to begin work in January. NCSU's program, *The Basics of Launching ERM for Strategic Value*, is planned for February as a common orientation for team members. Framework development, refinement of tools and resources, and an orientation and education program are included in the current plan.



Policy Title: Criteria for Accreditation

Number: CRRT.B.10.010

The Criteria for Accreditation are the standards of quality by which HLC determines whether an institution merits accreditation or reaffirmation of accreditation. They are as follows:

Criterion 1. Mission

The institution's mission is clear and articulated publicly; it guides the institution's operations.

Core Components

1.A. The institution's mission is articulated publicly and operationalized throughout the institution.

1. The mission was developed through a process suited to the context of the institution.
2. The mission and related statements are current and reference the institution's emphasis on the various aspects of its mission, such as instruction, scholarship, research, application of research, creative works, clinical service, public service, economic development and religious or cultural purpose.
3. The mission and related statements identify the nature, scope and intended constituents of the higher education offerings and services the institution provides.
4. The institution's academic offerings, student support services and enrollment profile are consistent with its stated mission.
5. The institution clearly articulates its mission through public information, such as statements of purpose, vision, values, goals, plans or institutional priorities.

1.B. The institution's mission demonstrates commitment to the public good.

1. The institution's actions and decisions demonstrate that its educational role is to serve the public, not solely the institution or any superordinate entity.

2. The institution's educational responsibilities take primacy over other purposes, such as generating financial returns for investors, contributing to a related or parent organization, or supporting external interests.
3. The institution engages with its external constituencies and responds to their needs as its mission and capacity allow.

1.C. The institution provides opportunities for civic engagement in a diverse, multicultural society and globally connected world, as appropriate within its mission and for the constituencies it serves.

1. The institution encourages curricular or cocurricular activities that prepare students for informed citizenship and workplace success.
2. The institution's processes and activities demonstrate inclusive and equitable treatment of diverse populations.
3. The institution fosters a climate of respect among all students, faculty, staff and administrators from a range of diverse backgrounds, ideas and perspectives.

Criterion 2. Integrity: Ethical and Responsible Conduct

The institution acts with integrity; its conduct is ethical and responsible.

Core Components

2.A. The institution establishes and follows policies and processes to ensure fair and ethical behavior on the part of its governing board, administration, faculty and staff.

1. The institution develops and the governing board adopts the mission.
2. The institution operates with integrity in its financial, academic, human resources and auxiliary functions.

2.B. The institution presents itself clearly and completely to its students and to the public.

1. The institution ensures the accuracy of any representations it makes regarding academic offerings, requirements, faculty and staff, costs to students, governance structure and accreditation relationships.
2. The institution ensures evidence is available to support any claims it makes regarding its contributions to the educational experience through research, community engagement, experiential learning, religious or spiritual purpose and economic development.

2.C. The governing board of the institution is autonomous to make decisions in the best interest of the institution in compliance with board policies and to ensure the institution's integrity.

1. The governing board is trained and knowledgeable so that it makes informed decisions with respect to the institution's financial and academic policies and practices; the board meets its legal and fiduciary responsibilities.
2. The governing board's deliberations reflect priorities to preserve and enhance the institution.
3. The governing board reviews the reasonable and relevant interests of the institution's internal and external constituencies during its decision-making deliberations.
4. The governing board preserves its independence from undue influence on the part of donors, elected officials, ownership interests or other external parties.
5. The governing board delegates day-to-day management of the institution to the institution's administration and expects the institution's faculty to oversee academic matters.

2.D. The institution is committed to academic freedom and freedom of expression in the pursuit of truth in teaching and learning.

2.E. The institution's policies and procedures call for responsible acquisition, discovery and application of knowledge by its faculty, staff and students.

1. Institutions supporting basic and applied research maintain professional standards and provide oversight ensuring regulatory compliance, ethical behavior and fiscal accountability.
2. The institution provides effective support services to ensure the integrity of research and scholarly practice conducted by its faculty, staff and students.
3. The institution provides students guidance in the ethics of research and use of information resources.
4. The institution enforces policies on academic honesty and integrity.

Criterion 3. Teaching and Learning: Quality, Resources and Support

The institution provides quality education, wherever and however its offerings are delivered.

Core Components

3.A. The rigor of the institution's academic offerings is appropriate to higher education.

1. Courses and programs are current and require levels of student performance appropriate to the credential awarded.

2. The institution articulates and differentiates learning goals for its undergraduate, graduate, post-baccalaureate, post-graduate and certificate programs.
3. The institution's program quality and learning goals are consistent across all modes of delivery and all locations (on the main campus, at additional locations, by distance delivery, as dual credit, through contractual or consortial arrangements, or any other modality).

3.B. The institution offers programs that engage students in collecting, analyzing and communicating information; in mastering modes of intellectual inquiry or creative work; and in developing skills adaptable to changing environments.

1. The general education program is appropriate to the mission, educational offerings and degree levels of the institution. The institution articulates the purposes, content and intended learning outcomes of its undergraduate general education requirements.
2. The program of general education is grounded in a philosophy or framework developed by the institution or adopted from an established framework. It imparts broad knowledge and intellectual concepts to students and develops skills and attitudes that the institution believes every college-educated person should possess.
3. The education offered by the institution recognizes the human and cultural diversity and provides students with growth opportunities and lifelong skills to live and work in a multicultural world.
4. The faculty and students contribute to scholarship, creative work and the discovery of knowledge to the extent appropriate to their offerings and the institution's mission.

3.C. The institution has the faculty and staff needed for effective, high-quality programs and student services.

1. The institution strives to ensure that the overall composition of its faculty and staff reflects human diversity as appropriate within its mission and for the constituencies it serves.
2. The institution has sufficient numbers and continuity of faculty members to carry out both the classroom and the non-classroom roles of faculty, including oversight of the curriculum and expectations for student performance, assessment of student learning, and establishment of academic credentials for instructional staff.
3. All instructors are appropriately qualified, including those in dual credit, contractual and consortial offerings.
4. Instructors are evaluated regularly in accordance with established institutional policies and procedures.

5. The institution has processes and resources for assuring that instructors are current in their disciplines and adept in their teaching roles; it supports their professional development.
6. Instructors are accessible for student inquiry.
7. Staff members providing student support services, such as tutoring, financial aid advising, academic advising and cocurricular activities are appropriately qualified, trained and supported in their professional development.

3.D. The institution provides support for student learning and resources for effective teaching.

1. The institution provides student support services suited to the needs of its student populations.
2. The institution provides for learning support and preparatory instruction to address the academic needs of its students. It has a process for directing entering students to courses and programs for which the students are adequately prepared.
3. The institution provides academic advising suited to its offerings and the needs of its students.
4. The institution provides to students and instructors the infrastructure and resources necessary to support effective teaching and learning (technological infrastructure, scientific laboratories, libraries, performance spaces, clinical practice sites and museum collections, as appropriate to the institution's offerings).

Criterion 4. Teaching and Learning: Evaluation and Improvement

The institution demonstrates responsibility for the quality of its educational programs, learning environments and support services, and it evaluates their effectiveness for student learning through processes designed to promote continuous improvement.

Core Components

4.A. The institution ensures the quality of its educational offerings.

1. The institution maintains a practice of regular program reviews and acts upon the findings.
2. The institution evaluates all the credit that it transcripts, including what it awards for experiential learning or other forms of prior learning, or relies on the evaluation of responsible third parties.
3. The institution has policies that ensure the quality of the credit it accepts in transfer.
4. The institution maintains and exercises authority over the prerequisites for courses, rigor of courses, expectations for student learning, access to learning resources, and faculty qualifications for all its programs, including dual credit programs. It ensures that its dual credit

courses or programs for high school students are equivalent in learning outcomes and levels of achievement to its higher education curriculum.

5. The institution maintains specialized accreditation for its programs as appropriate to its educational purposes.
6. The institution evaluates the success of its graduates. The institution ensures that the credentials it represents as preparation for advanced study or employment accomplish these purposes. For all programs, the institution looks to indicators it deems appropriate to its mission.

4.B. The institution engages in ongoing assessment of student learning as part of its commitment to the educational outcomes of its students.

1. The institution has effective processes for assessment of student learning and for achievement of learning goals in academic and cocurricular offerings.
2. The institution uses the information gained from assessment to improve student learning.
3. The institution's processes and methodologies to assess student learning reflect good practice, including the substantial participation of faculty, instructional and other relevant staff members.

4.C. The institution pursues educational improvement through goals and strategies that improve retention, persistence and completion rates in its degree and certificate programs.

1. The institution has defined goals for student retention, persistence and completion that are ambitious, attainable and appropriate to its mission, student populations and educational offerings.
2. The institution collects and analyzes information on student retention, persistence and completion of its programs.
3. The institution uses information on student retention, persistence and completion of programs to make improvements as warranted by the data.
4. The institution's processes and methodologies for collecting and analyzing information on student retention, persistence and completion of programs reflect good practice. (Institutions are not required to use IPEDS definitions in their determination of persistence or completion rates. Institutions are encouraged to choose measures that are suitable to their student populations, but institutions are accountable for the validity of their measures.)

Criterion 5. Institutional Effectiveness, Resources and Planning

The institution's resources, structures, processes and planning are sufficient to fulfill its mission, improve the quality of its educational offerings, and respond to future challenges and opportunities.

Core Components

5.A. Through its administrative structures and collaborative processes, the institution's leadership demonstrates that it is effective and enables the institution to fulfill its mission.

1. Shared governance at the institution engages its internal constituencies—including its governing board, administration, faculty, staff and students—through planning, policies and procedures.
2. The institution's administration uses data to reach informed decisions in the best interests of the institution and its constituents.
3. The institution's administration ensures that faculty and, when appropriate, staff and students are involved in setting academic requirements, policy and processes through effective collaborative structures.

5.B. The institution's resource base supports its educational offerings and its plans for maintaining and strengthening their quality in the future.

1. The institution has qualified and trained operational staff and infrastructure sufficient to support its operations wherever and however programs are delivered.
2. The goals incorporated into the mission and any related statements are realistic in light of the institution's organization, resources and opportunities.
3. The institution has a well-developed process in place for budgeting and for monitoring its finances.
4. The institution's fiscal allocations ensure that its educational purposes are achieved.

5.C. The institution engages in systematic and integrated planning and improvement.

1. The institution allocates its resources in alignment with its mission and priorities, including, as applicable, its comprehensive research enterprise, associated institutes and affiliated centers.
2. The institution links its processes for assessment of student learning, evaluation of operations, planning and budgeting.
3. The planning process encompasses the institution as a whole and considers the perspectives of internal and external constituent groups.

4. The institution plans on the basis of a sound understanding of its current capacity, including fluctuations in the institution's sources of revenue and enrollment.
5. Institutional planning anticipates evolving external factors, such as technology advancements, demographic shifts, globalization, the economy and state support.
6. The institution implements its plans to systematically improve its operations and student outcomes.

Policy Number Key

Section CRRT: Criteria and Requirements

Chapter B: Criteria for Accreditation

Part 10: General

Last Revised: February 2019

First Adopted: August 1992

Revision History: Criterion Three revised August 1998; revised February 2002; revised February 2007. New Criteria for Accreditation adopted February 2003, effective January 2005; New Criteria for Accreditation adopted February 2012, effective January 2013; Revised June 2013, June 2014; revised February 2019, effective September 2020.

Notes: In February 2021, references to the Higher Learning Commission as “the Commission” were replaced with the term “HLC.”



September 2, 2021

VIA ELECTRONIC MAIL

Dr. Lee Lambert, Chancellor
Pima County Community College District
4905C E. Broadway Blvd.
Tucson, AZ 85709

Dear Chancellor Lambert:

This letter is to inform you that the Higher Learning Commission (HLC or “the Commission”) has reviewed the response provided by Pima County Community College District (“the institution”) to the complaint received by HLC on June 30, 2021. Thank you for submitting this information.

As you recall, HLC initially reviewed the complaint to determine whether it suggested potential substantive non-compliance with the institution’s ability to meet the Criteria for Accreditation or other HLC requirements. Based on that initial review, HLC determined that the information contained in the complaint raised potential concerns regarding the institution’s compliance with the HLC requirements noted in the letter dated July 7, 2021.

The institution was subsequently afforded an opportunity to respond to provide evidence that it continued to meet the requirements noted in the July 7 letter.

Upon review of the institution’s response, HLC has determined that further evaluation of the institution’s compliance with HLC requirements is necessary. Specifically, HLC found that potential concerns remain regarding the institution’s ongoing compliance with the following requirement:

- Criterion Two, Core Component 2.C, “the governing board of the institution is autonomous to make decisions in the best interest of the institution in compliance with board policies and to ensure the institution’s integrity.”

Furthermore, since the Commission’s receipt of the institution’s response to the complaint, two additional complaints regarding these circumstances were submitted to HLC. The Commission also received a supplement to the original June 30 complaint. Upon review of these two complaints and the supplemental information to the first complaint, HLC determined that no new, materially different allegations were presented, and that the new complaints and information pertained to the same underlying circumstances that raise potential concerns regarding the institution’s compliance with Core Component 2.C. Therefore, while these complaints and supplemental information are being provided to the institution for review, the institution is not required to provide a new response

Chancellor Lambert, September 2, 2021 2

to this information. Relatedly, these materials will be included in the institution's accreditation file for further potential evaluation, as detailed below.

Commission Policy INST.F.10.010, Routine Monitoring and Data Collection, states that an institution on the Standard Pathway may be required to host one or more Focused Visits. As part of this policy, the institution's HLC Staff Liaison has the ability to recommend that the institution be required to host a Focused Visit. Given the information provided to HLC regarding the complaint and the potential concerns that remain, the institution's Staff Liaison has submitted a recommendation to the Institutional Actions Council (IAC) that the institution be scheduled for routine monitoring in the form of Focused Visit on the above-cited requirement, to occur no later than April 2022.

The IAC will review the recommendation at its next regularly scheduled meeting, which will occur on October 4-5, 2021. The institution has the option of filing a response to this recommendation for a Focused Visit, which would be provided to the IAC. The institution should prepare and submit any such response to HLC no later than two weeks from the date of this letter, or no later than **September 16, 2021**. The response, if any, should be submitted as a single .pdf file that does not contain links to external websites or documents to: <https://spaces.hightail.com/uplink/HLC-LRA>.

The institution will be notified following the IAC meeting as to whether monitoring will be scheduled. If the IAC approves scheduling the institution for monitoring, the institution will receive further information regarding the requirements for monitoring at that time.

Thank you for your cooperation. If you have additional questions, please contact your HLC Staff Liaison, Dr. Linnea Stenson.

Sincerely,



Robert Rucker
Manager of Compliance and Complex Evaluations

Enc: June 30 Complaint Supplement
Complaints

Cc: Bruce Moses, Vice Chancellor Educational Services and Institutional Integrity, Pima County
Community College District
Linnea A. Stenson, Vice President of Accreditation Relations, Higher Learning Commission



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October 7, 2021

Dr. Lee Lambert
Chancellor
Pima County Community College District
4905C E. Broadway Blvd.
Suite C-234
Tucson, AZ 85709

Dear Chancellor Lambert:

This letter serves as formal notification and official record of action taken concerning Pima County Community College District by the Institutional Actions Council of the Higher Learning Commission at its meeting on October 4, 2021. The date of this action constitutes the effective date of the institution's new status with HLC.

Action. IAC accepted the staff recommendation for a Focused Visit to be scheduled no later than April 2022, to review Core Component 2.C.

In taking this action, the IAC considered materials from the most recent evaluation and the institutional response (if applicable) to the evaluation findings.

In two weeks, this action will be added to the *Institutional Status and Requirements (ISR) Report*, a resource for Accreditation Liaison Officers to review and manage information regarding the institution's accreditation relationship. Accreditation Liaison Officers may request the ISR Report on HLC's website at <https://www.hlcommission.org/isr-request>.

Within the next 30 days, HLC will also publish information about this action on its website at <https://www.hlcommission.org/Student-Resources/recent-actions.html>.

If you have any questions about these documents after viewing them, please contact the institution's staff liaison Linnea Stenson. Your cooperation in this matter is appreciated.

Sincerely,



Barbara Gellman-Danley
President

CC: ALO

Revenue Bond Projects - Inception to Date

FY=22 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	67,809,715	0	(443,102)	(32,888,017)	34,478,596
5R8000	RVB PROJ - Control	67,809,715	0	(443,102)	(32,888,017)	34,478,596
581001	RVB Proj -Advanced Mfg.New Bldg	0	0	(12,103,173)	11,049,365	(1,053,807)
5R8001	RVB PROJ - Applied Tech- Building	0	0	(12,103,173)	11,049,365	(1,053,807)
581003	RVB Proj - Transportation New Bldg	0	0	(13,484,210)	13,526,888	42,678
5R8002	RVB PROJ - AppTech COE AE WFD SS	0	0	(13,484,210)	13,526,888	42,678
581005	RVB Proj - ST Bldg Renovations	0	0	(85,481)	94,016	8,536
5R8003	RVB PROJ - AppTech Weld,Mach,Engr,M	0	0	(85,481)	94,016	8,536
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	(439,381)	439,381	0
581036	RVB Proj -DC RE Infrastructure Dev	0	0	(366,567)	366,567	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	(178,055)	178,055	0
5R8005	RVB -DC Campus Expansion & Developm	0	0	(5,431,911)	5,431,911	0
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	(2,222,668)	2,222,668	0
5R8008	RVB PROJ -Science Labs	0	0	(2,222,668)	2,222,668	0
581017	RVB Proj -Allied Health COE	0	0	(20,092)	20,032	(60)
5R8009	RVB PROJ -Allied Health COE	0	0	(20,092)	20,032	(60)
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=22 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
		67,809,715	0	(34,327,903)	(5,870)	33,475,943

Fiscal Year 2023 Budget Overview and Discussion

Governing Board Meeting

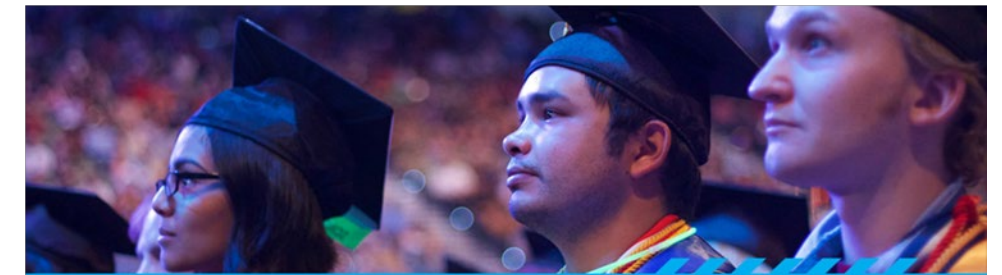
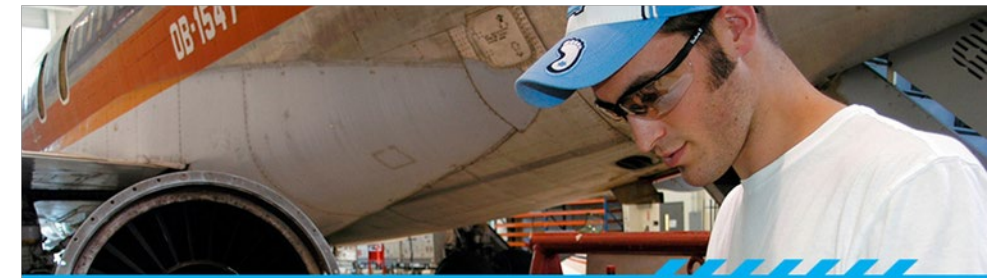
November 29, 2021

Presented by: Dr. David Bea

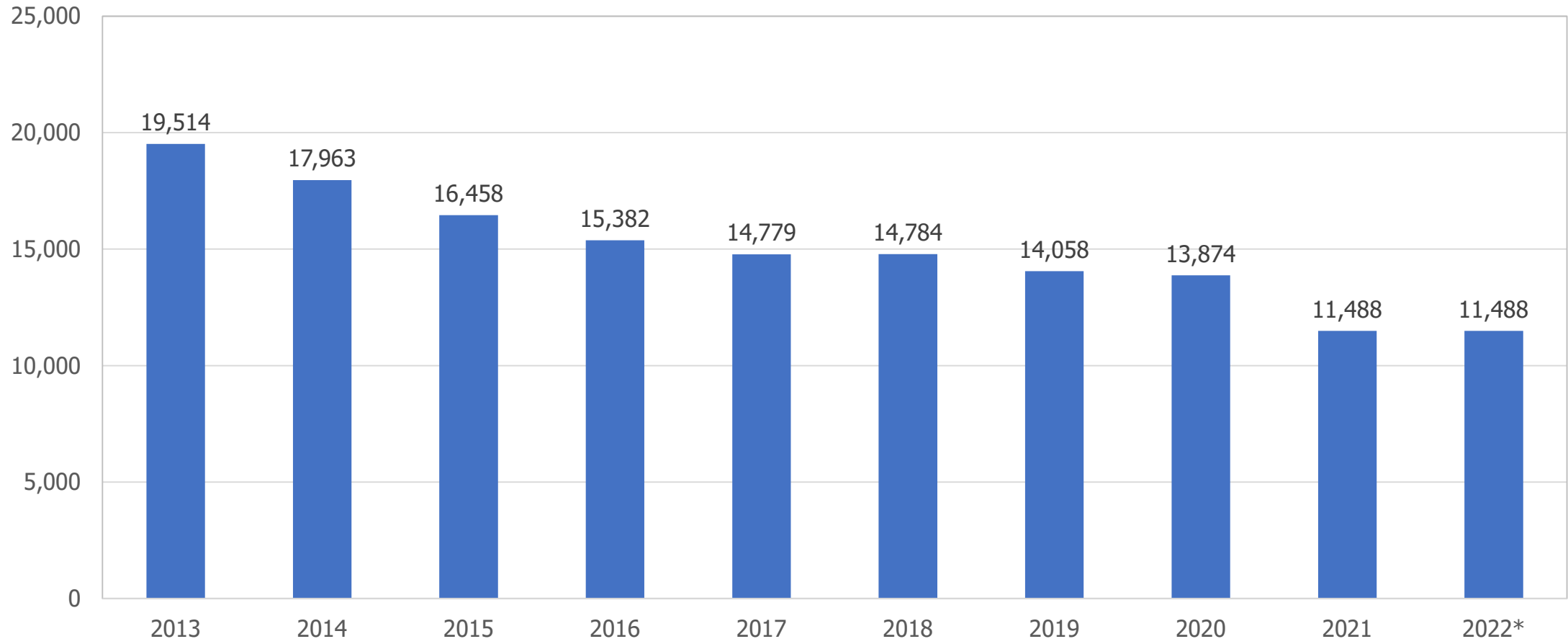


Agenda

- Budget Overview
 - Full Time Student Equivalents (FTSE)
 - Estimated Revenues
 - Expenditure Priorities
 - Positions
 - Compensation
- Next Steps and Budget Discussion



FTSE, FY 2013–FY 2022

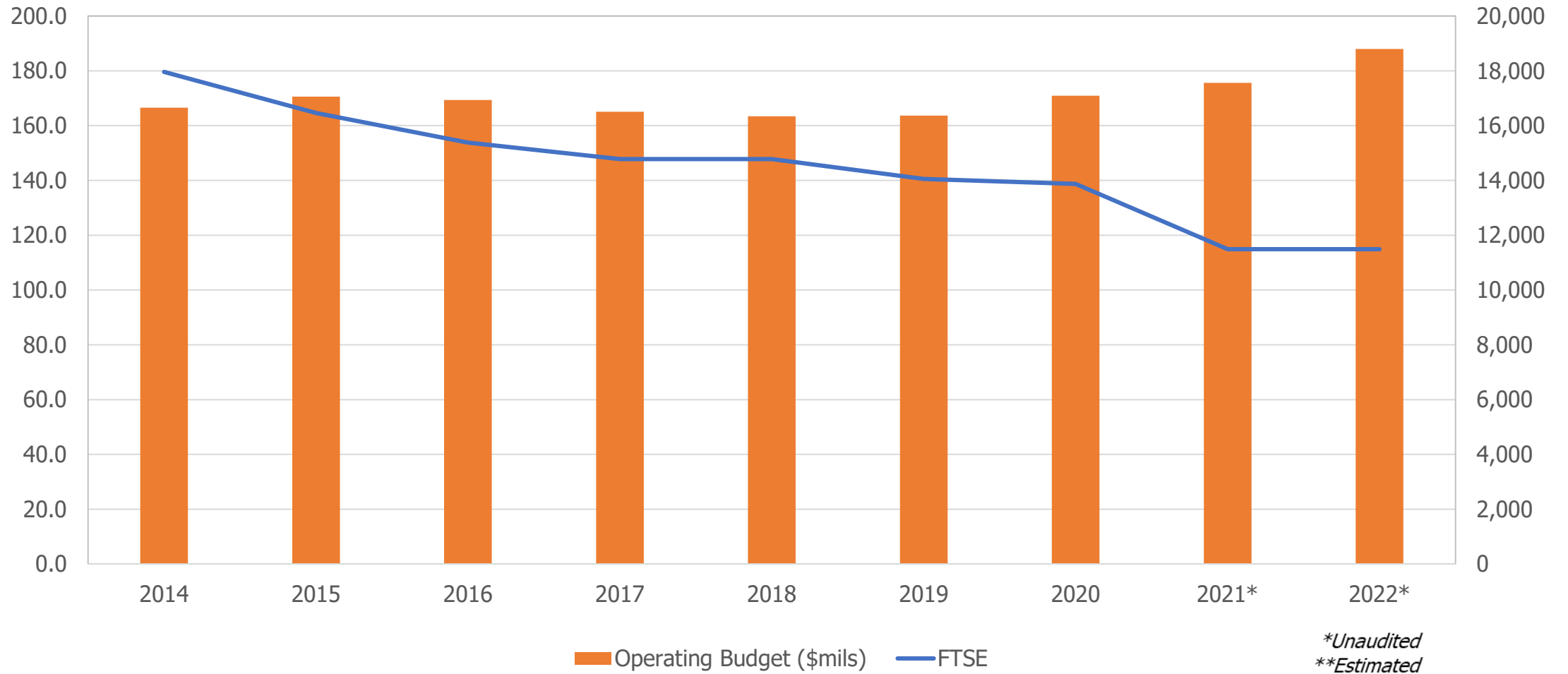


**Estimated*

FY 2023 Revenue Estimates

- Property tax levy
 - Growth of \$1.35M
 - Tax levy capacity, ~\$7.5M
- Moderate tuition increase (\$1.00 per credit hour = \$350K in revenue)
- Prop 207

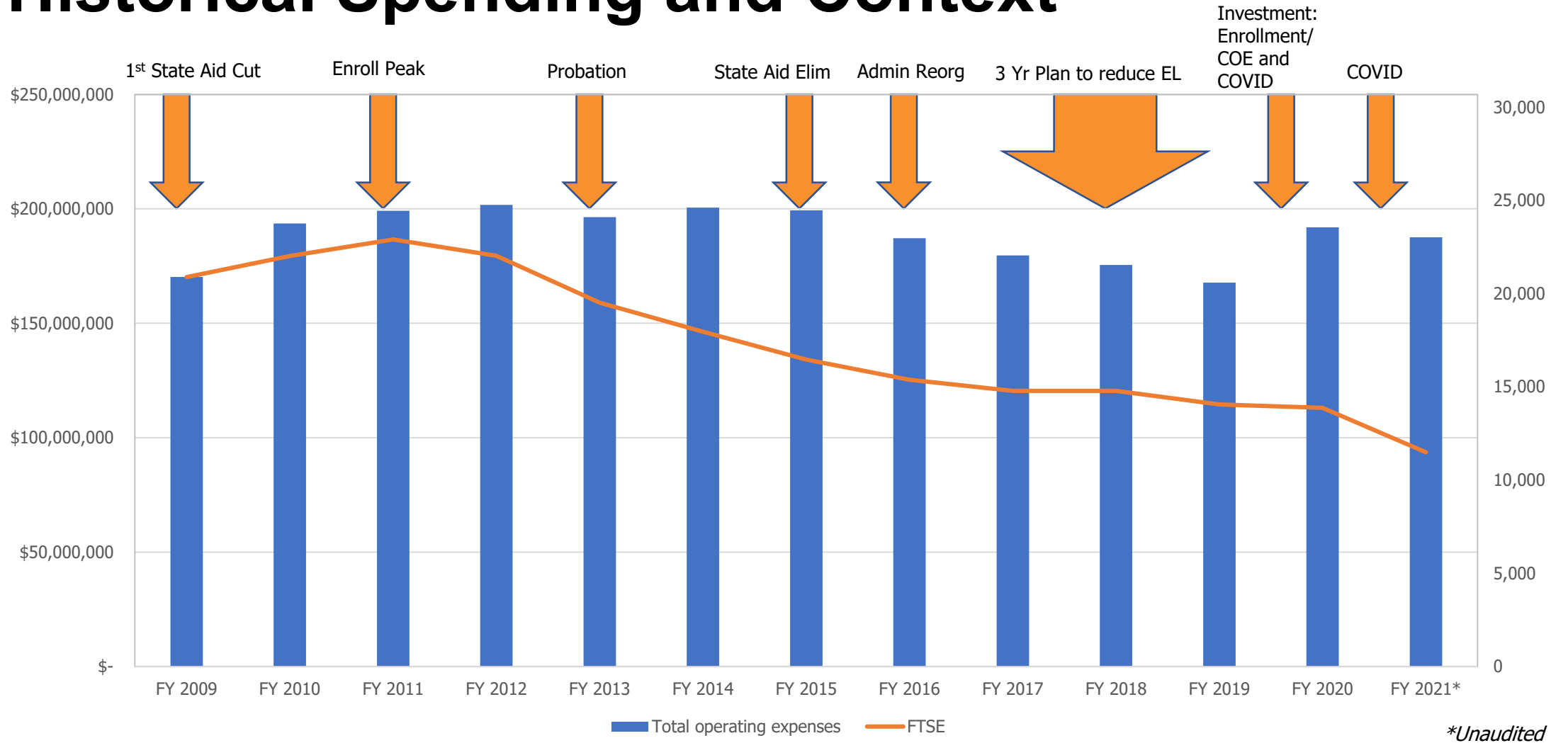
Operating Budget vs. FTSE



FY 2023 Expenditure Priorities

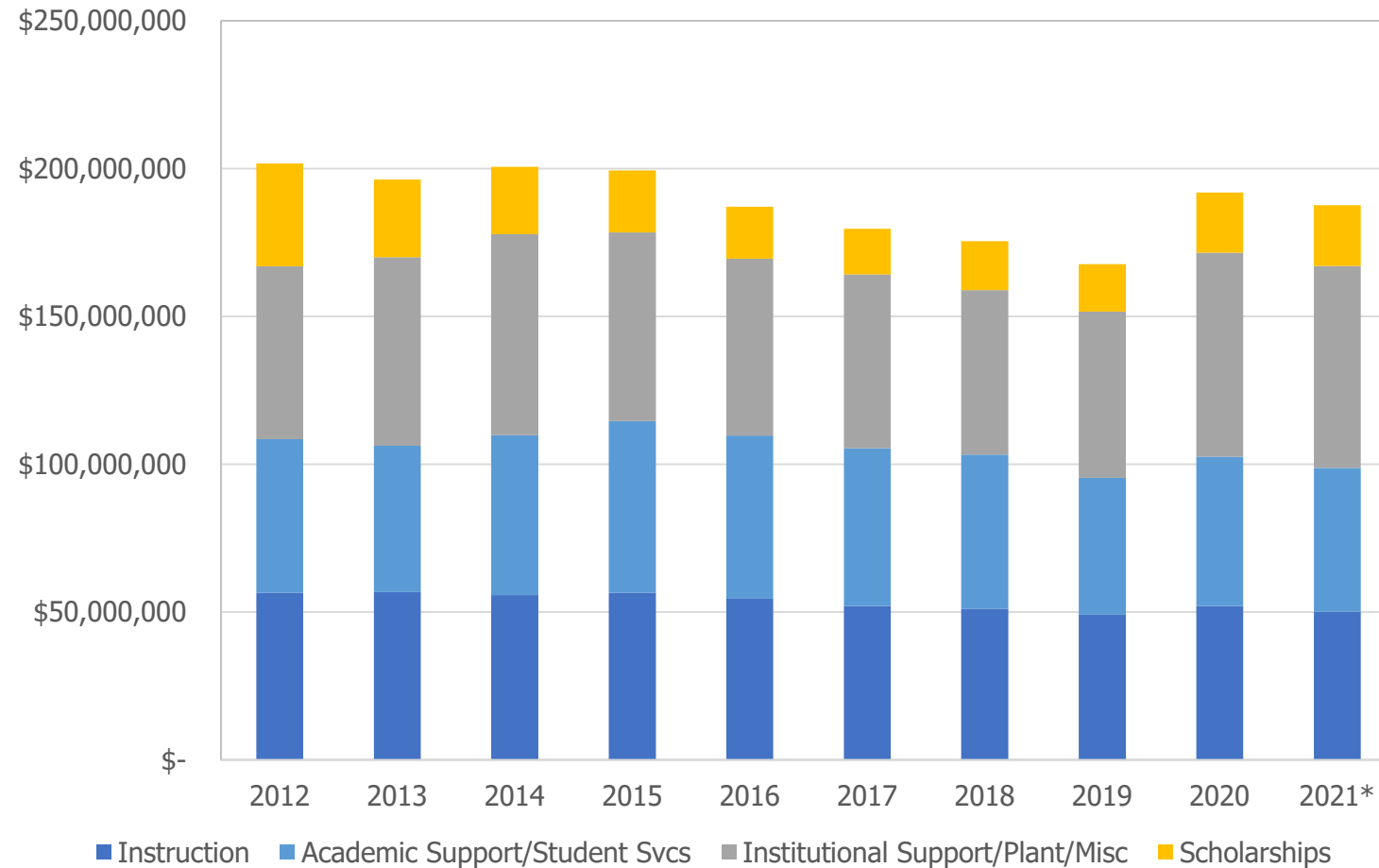
- Personnel
 - Outcomes of class & comp study
 - Adjunct faculty
- Funding College liabilities and contractual obligations
 - Employee medical benefits
 - Funding retirement obligations
 - IT infrastructure and student device lending program
- Strategic Initiatives
 - Strategic Plan (Centers of Excellence)
 - Prop 481 (DV Childcare)
 - Chancellor's Goals (Enrollment & Retention)

Historical Spending and Context



*Unaudited

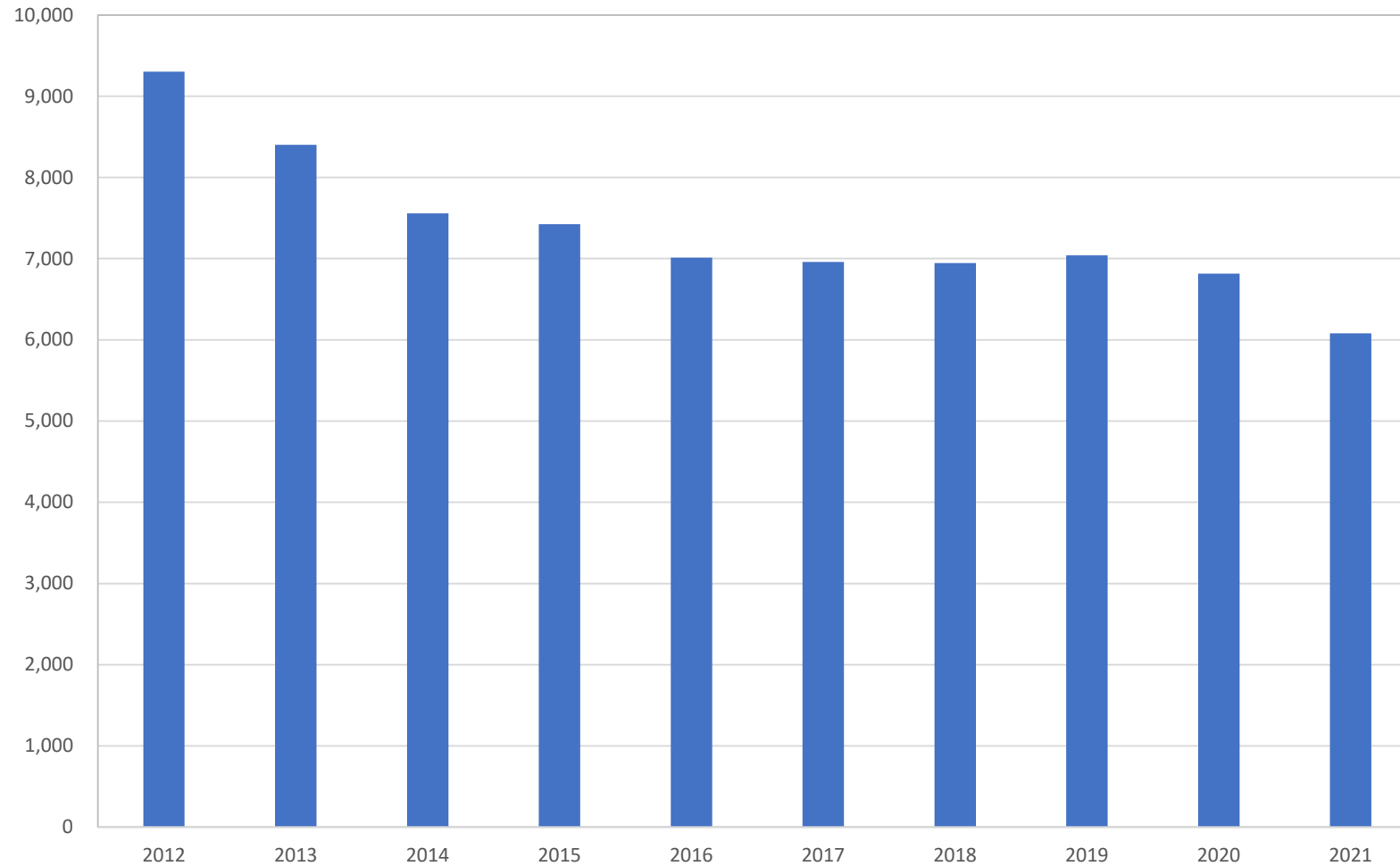
Expenditures by Program Category, FY 2012-2021



- **Instruction:** Expenditures for instruction, including faculty leadership
- **Academic Support:** Retention, libraries, computer labs and technology, academic administration, curriculum, administrative support and management
- **Student Services:** Admissions, registrar, student life, veteran's and military, testing and placement, financial aid, tutors
- **Institutional Support:** Administrative services, research and planning
- **Plant:** Grounds, custodial services, utilities, repairs and maintenance
- **Scholarships:** Expenditures for student grants financed from restricted or unrestricted funds

**Unaudited*

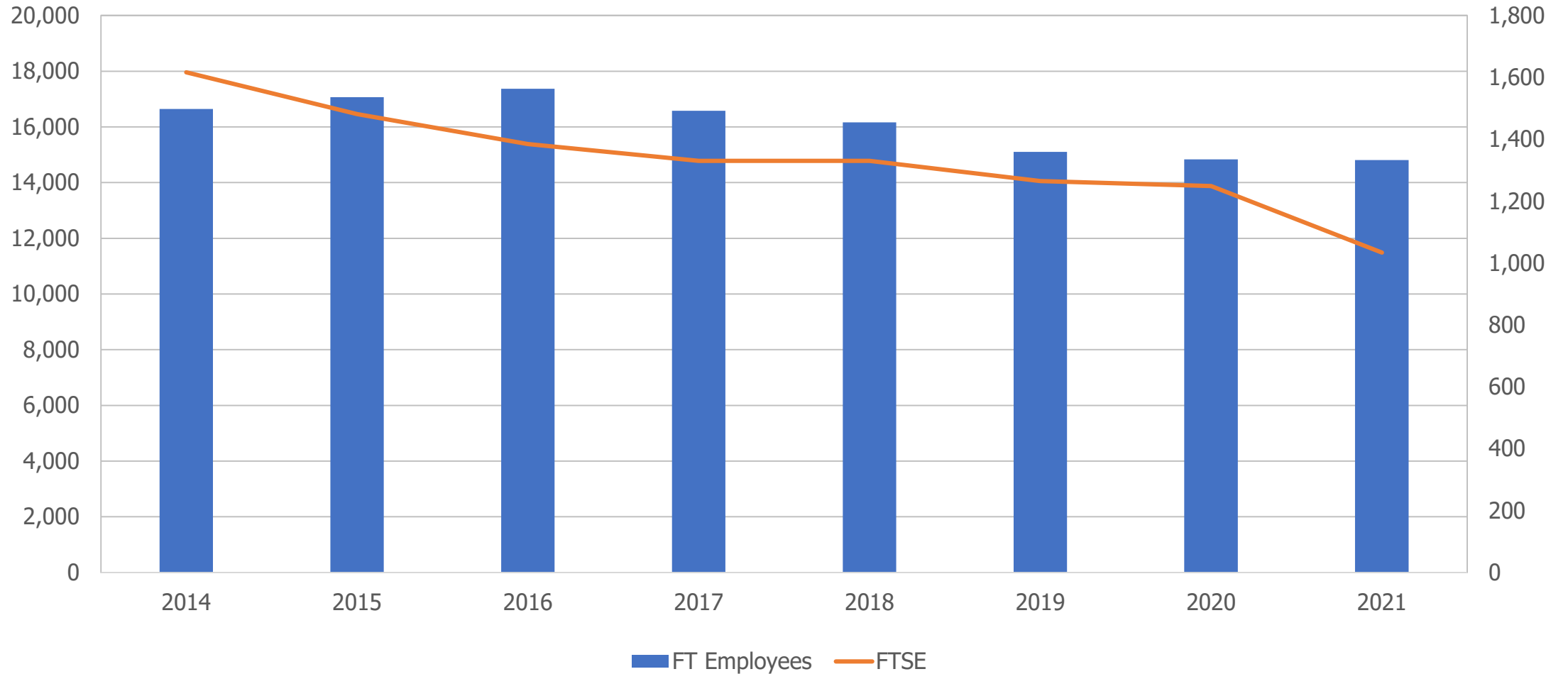
Decreased Sections Taught = Reduced Instructional Costs



- Sections taught reduced 13% from 2016 to 2021

Positions

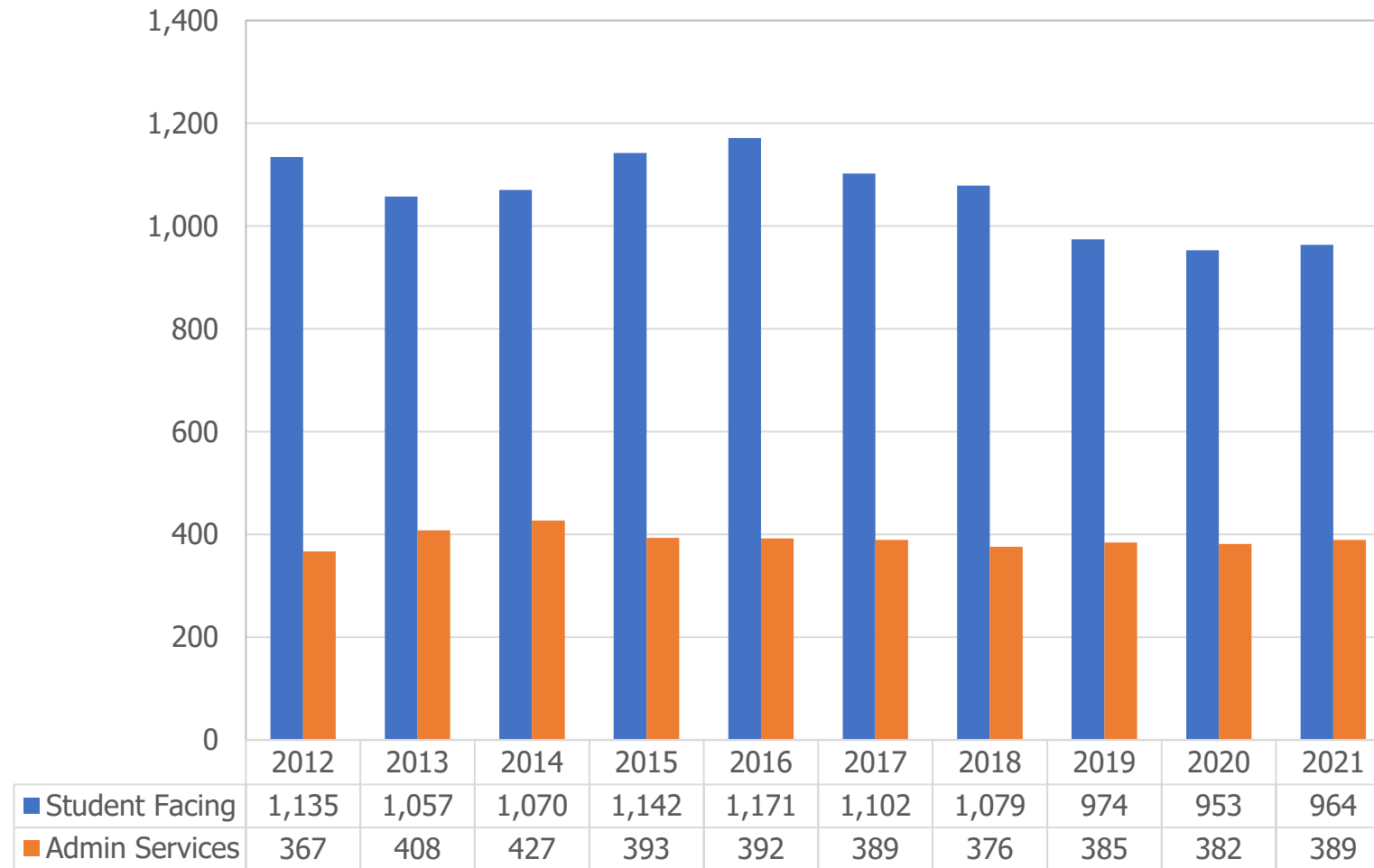
FTSE vs. Budgeted Full Time Positions



Budgeted Position Summary, FY 2012-2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrator	54	55	56	56	51	48	50	45	47	45
Support Faculty	46	46	46	45	47	46	45	37	32	14
<u>Instructional Faculty</u>	<u>345</u>	<u>345</u>	<u>345</u>	<u>345</u>	<u>344</u>	<u>314</u>	<u>302</u>	<u>290</u>	<u>269</u>	<u>260</u>
Faculty Total	391	391	391	390	391	360	347	327	301	274
Staff Instructor	76	53	53	52	59	55	55	50	48	49
Director (Exempt)	25	30	37	42	40	44	47	45	53	63
Other Exempt	317	311	317	341	363	374	371	373	402	445
<u>Non-Exempt</u>	<u>639</u>	<u>627</u>	<u>644</u>	<u>654</u>	<u>660</u>	<u>611</u>	<u>586</u>	<u>519</u>	<u>484</u>	<u>478</u>
Staff Total	1,057	1,020	1,051	1,090	1,122	1,084	1,058	987	987	1,034
Total Regular	1,502	1,466	1,497	1,536	1,564	1,492	1,455	1,359	1,335	1,353

Budgeted Student Facing and Administrative Services Positions, FY 2012-2021



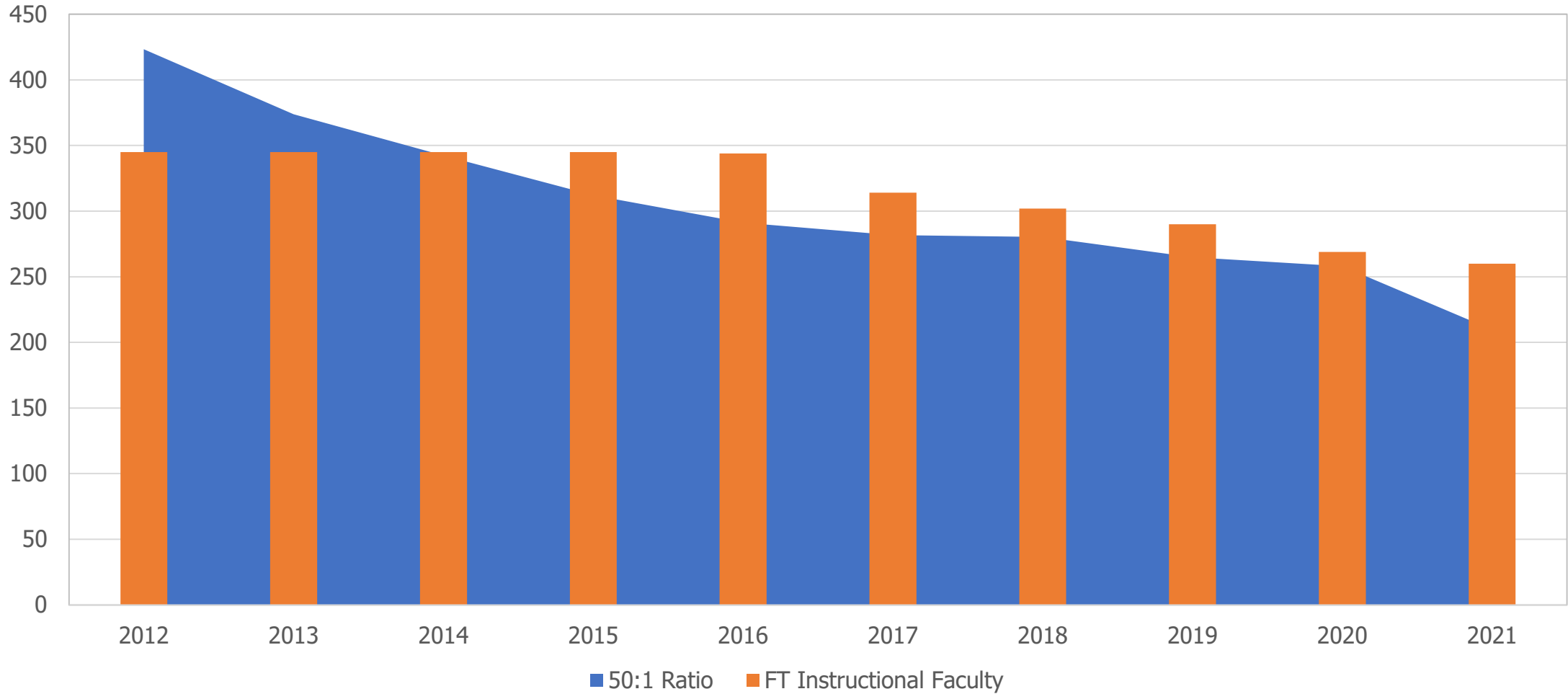
- **Student Facing:**

- Instruction
- Academic Support
- Student Services

- **Administrative Services:**

- Institutional Support
- Plant
- Auxiliary

Full-time Faculty Positions vs. 50:1 Target, FY 2012-2021



Compensation



Compensation

- Current Structure
 - Grades/Steps
- Other Components
 - Staff
 - Individual Position Review (IPR)
 - In-Range Adjustments
 - Faculty
 - Educational Attainment
 - Years of Teaching Experience
 - Supplemental Pay: Overload, Adjunct, Leadership, etc.
- Benefits
 - Medical/Retirement/Life/Other



PimaCommunityCollege

Human Resources

FY2021/2022

9M Educational Support and Instructional Faculty (A9) - 169 Days of Accountability

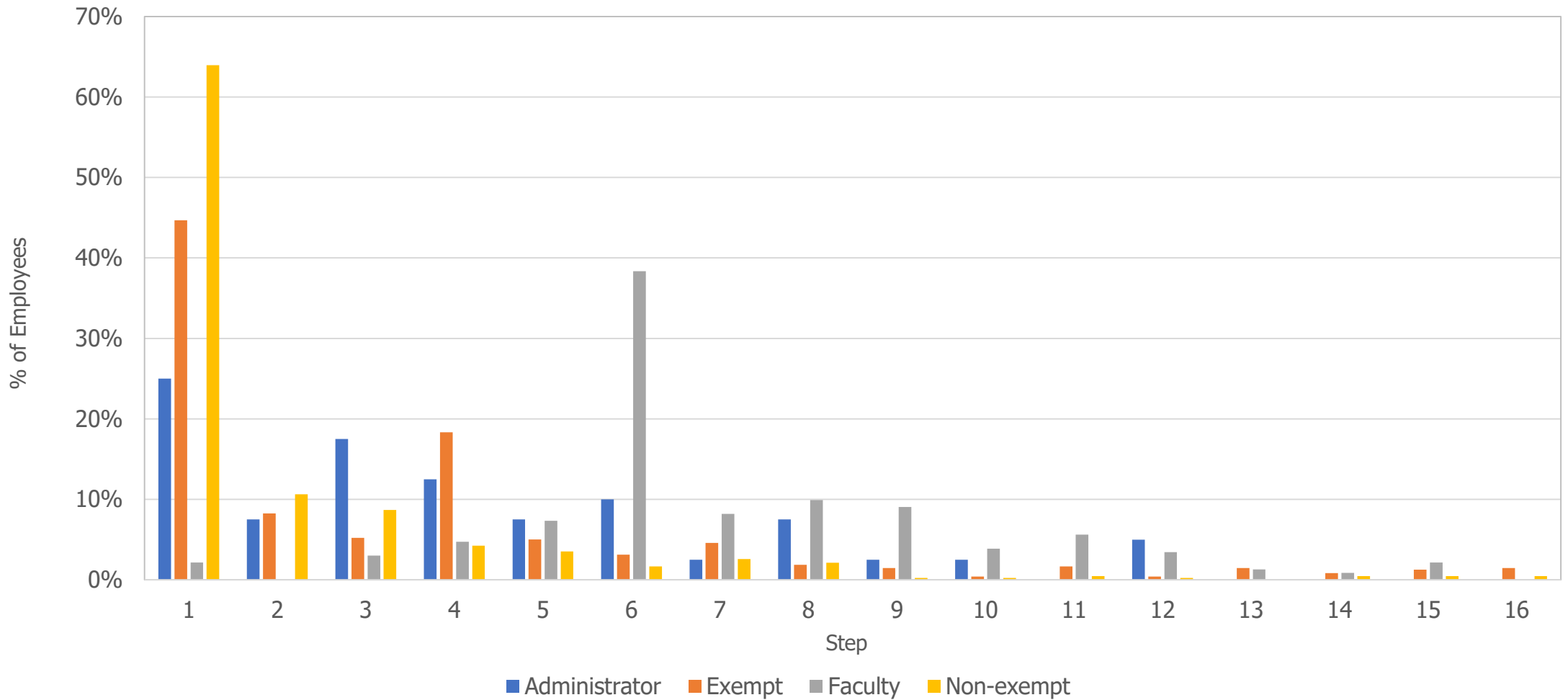
Step	Grade					
	S	S1	M2	M3	M4	D
1	\$46,709	\$48,579	\$50,448	\$52,316	\$54,184	\$56,053
2	\$49,045	\$50,913	\$52,782	\$54,653	\$56,520	\$58,390
3	\$51,379	\$53,249	\$55,119	\$56,986	\$58,855	\$60,724
4	\$53,715	\$55,585	\$57,454	\$59,323	\$61,191	\$63,060
5	\$56,050	\$57,920	\$59,789	\$61,658	\$63,527	\$65,395
6	\$58,387	\$60,254	\$62,124	\$63,994	\$65,861	\$67,731
7	\$60,721	\$62,591	\$64,461	\$66,329	\$68,197	\$70,066
8	\$63,057	\$64,925	\$66,795	\$68,665	\$70,533	\$72,403
9	\$65,392	\$67,262	\$69,132	\$71,000	\$72,868	\$74,736
10	\$67,728	\$69,597	\$71,466	\$73,336	\$75,204	\$77,073
11	\$70,063	\$71,932	\$73,801	\$75,672	\$77,539	\$79,408
12	\$72,400	\$74,267	\$76,137	\$78,007	\$79,874	\$81,744
13	\$74,733	\$76,604	\$78,473	\$80,342	\$82,210	\$84,079
14	\$77,070	\$78,938	\$80,807	\$82,677	\$84,546	\$86,415
15	\$79,405	\$81,275	\$83,143	\$85,013	\$86,881	\$88,749
16	\$81,741	\$83,609	\$85,479	\$87,348	\$89,216	\$91,086



PimaCommunityCollege

Keep striving.

Distribution of Current Employees by Class and Step



Next Steps and Discussion

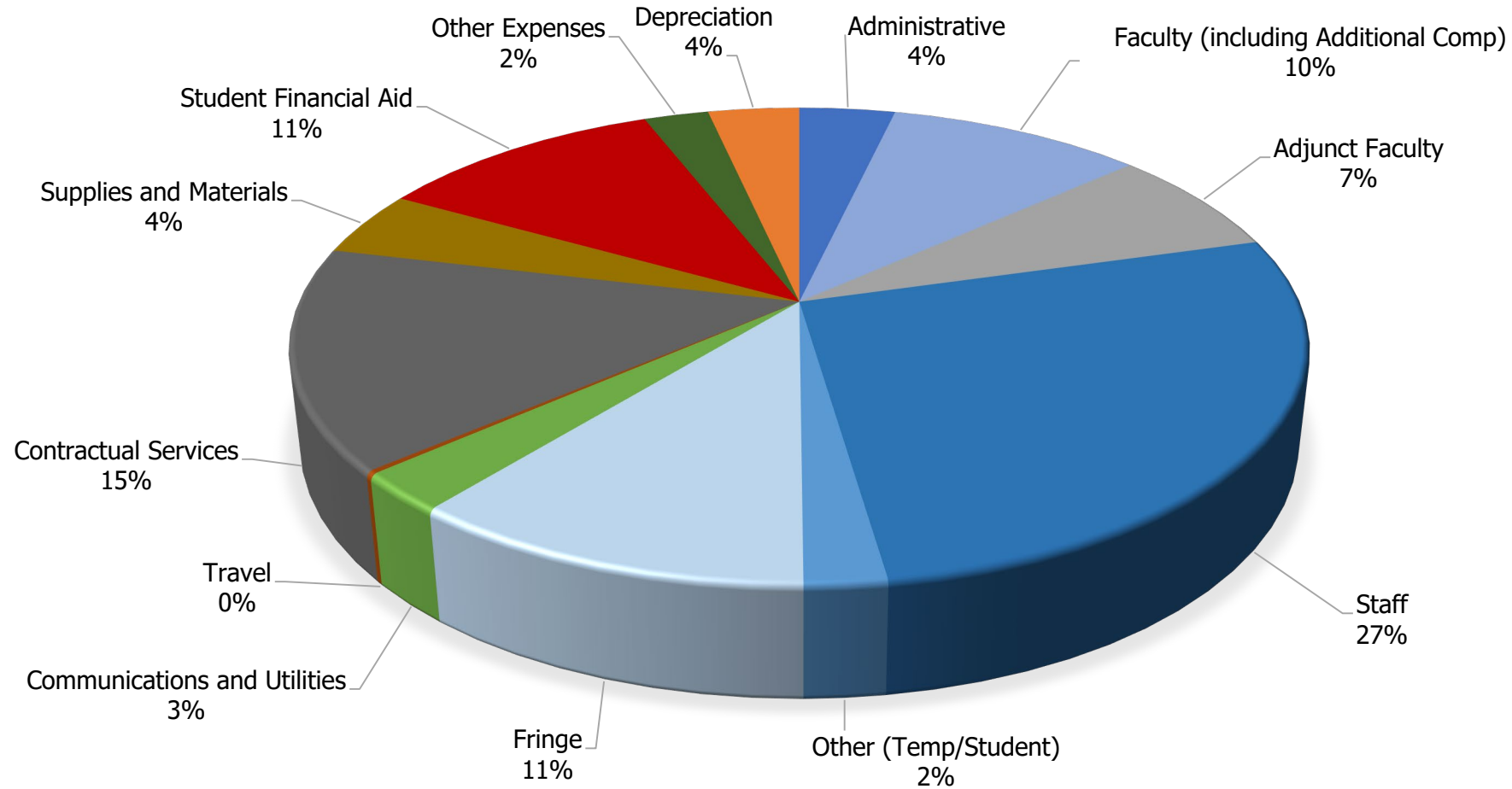
- Communications
- Timeline
- Cost savings and opportunities for reallocation

Additional Information

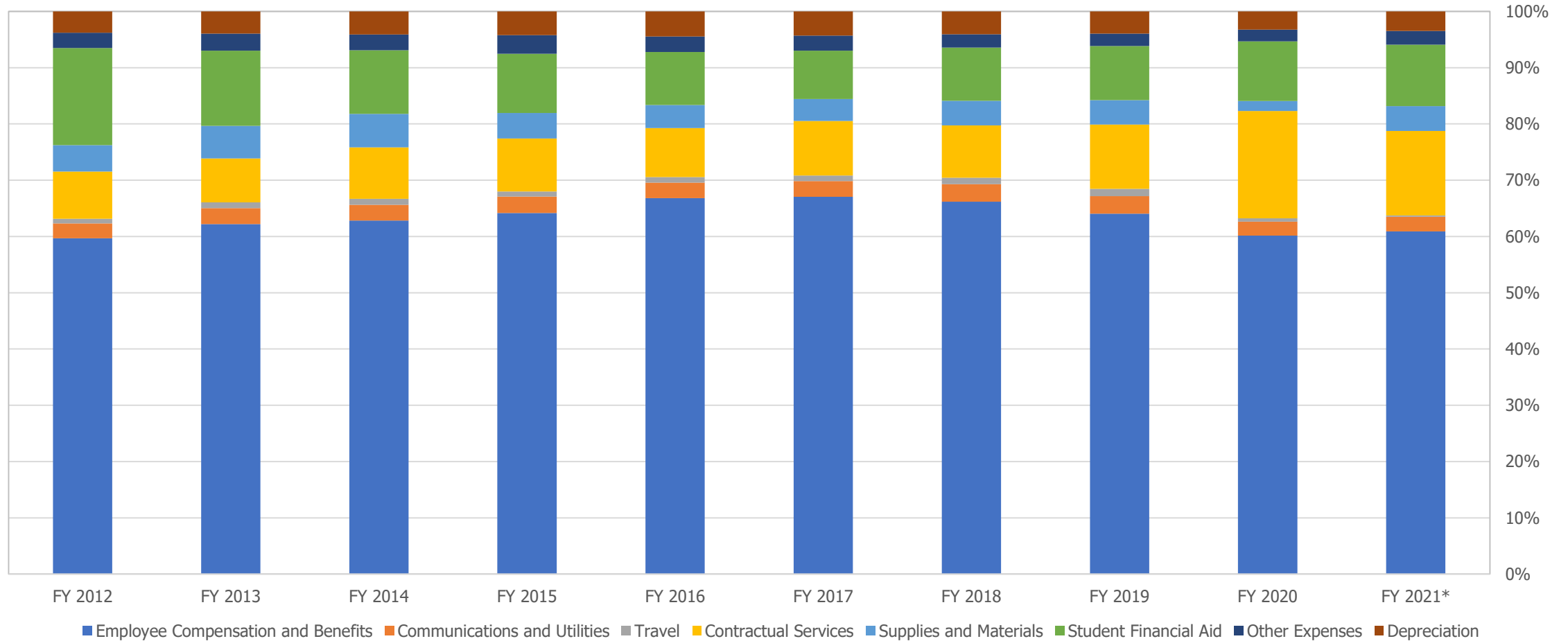
Additional Resources

- [Fiscal Year 2023 Budget Development Calendar](#)
- Strategic Initiatives
 - [Strategic Plan, 2021-2025](#)
 - [2021-2022 Chancellor's Goals, Objectives and Timelines](#)
 - [Educational Master Plan](#)
 - [Facilities Master Plan](#)
- [Dashboards](#)
 - [Audited FTSE for PCC and AZ Colleges](#)
 - [PCC Human Resources in IPEDS Categories, Ratios](#)

Actual Expenses, FY 2021

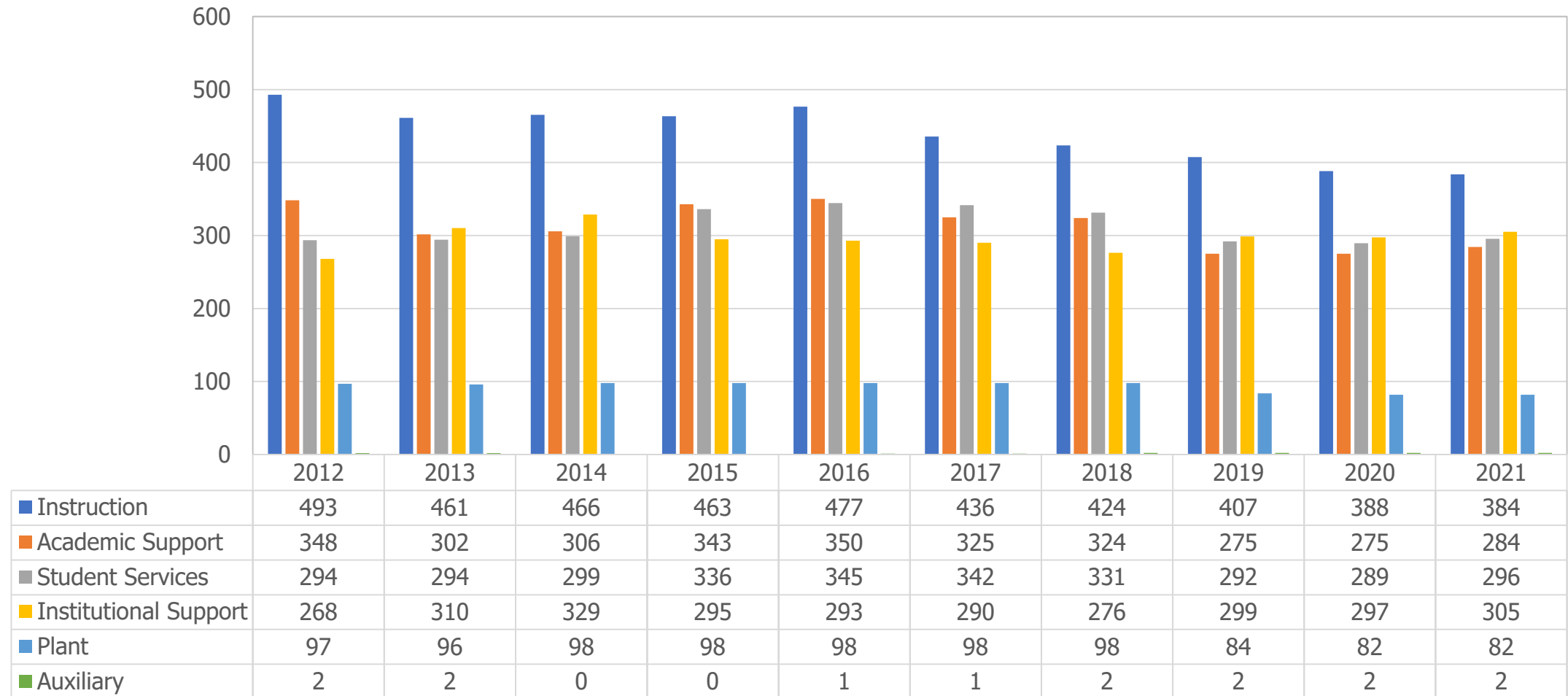


Proportional Expenses, FY 2012-2021

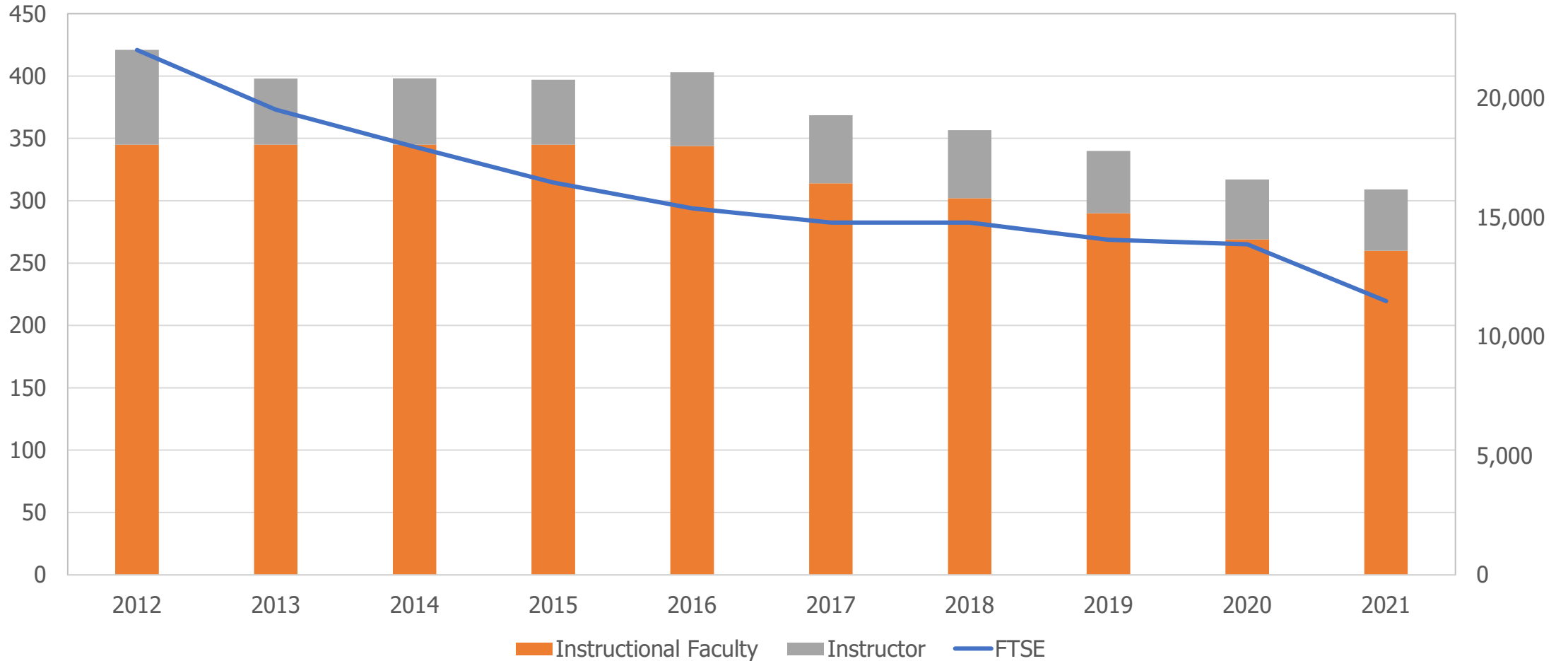


**Unaudited*

Budgeted Positions by Program Area, FY 2012-2021



Budgeted Faculty & Instructional Staff vs. FTSE, FY 2012-2021





 **Keep striving.**