PimaCountyCommunityCollegeDistrict

Governing Board's Finance and Audit Committee
Meeting Notice and Agenda*
Friday, June 17, 2022
9:00am
Virtual Meeting#

General Matters

1. Call to Order   Scott Odom   9:00am

Action Items

2. Approval of Minutes from April 15, 2022   Scott Odom   9:05am

Reports and Feedback

3. Internal Audit   Jose Saldamando   9:10am
   a. 2022 Second Quarterly Report
   b. 2022 PCC Risk Assessment & Audit Plan Report

4. Enterprise Risk Management   David Parker   9:50am
   a. June 2022 Report
   b. Board Policy 4.03, Enterprise Risk Management

5. Proposed 2022-2023 Annual Meeting Calendar   Scott Odom   10:10am

6. CFO Update   David Bea   10:15am
   a. Revenue Bonds
   b. Fiscal Year 2023 Adopted Budget
   c. Classification and Compensation Structure
   d. Three-Year Budget Plan for Fiscal Year 2023-2025
   e. Health Plan Trust
   f. Finance and Audit Committee 2021-2022 Report
   g. Fiscal Year 2022 Capital Project Plan Update, Third Quarterly Report

Effectiveness Discussion

Information Items

7. Future Agenda Items
   a. Marketing
   b. Workforce Update
   c. Adult Education
   d. Office of Dispute Resolution
   e. Space Usage
   f. Three-Year Budget Plan for Fiscal Year 2023-2025

Adjournment

Next Meeting
TBD
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/s/98386742369

Or join webinar with the following methods
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    Webinar ID: 983 8674 2369
    Passcode: 364364

Governing Board's Finance and Audit Committee
Friday, April 15, 2022
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), Laura Ward, Jesus Manzanedo, Kathleen Witt, Ken Marcus, Jesus Manzanedo, Demion Clinco, Maria Garcia, Keri Hill (Recorder)

Guests:
John Utter, RBC Global Asset Management; Jose Saldamando, Internal Auditor; David Parker, Director of Enterprise Risk Management

General Matters

1. **Call to Order**
   Chair Odom called the meeting to order at 9:01am, noting a quorum was met.

Action Items

2. **Approval of Minutes from February 18, 2022**
   Chair Odom asked if the Committee had any changes to the minutes. With one change to update the attendance, a motion was made to approve the minutes.

   Motion No. 202204-01: Approve Minutes from February 18, 2022
   First: Laura Ward
   Second: Ben Tuchi
   Vote: Motion passed unanimously (Odom, Tuchi, Ward, Witt, Marcus voting in favor)
   Motion Carried.

Reports and Feedback

3. **Investment Report (John Utter)**
   Mr. Utter began his presentation with an overview of current world events and their impact on the bond market. He continued with the summary of portfolio characteristics and the distribution before reviewing the 1-3 year portfolio. Rates are still drifting higher, but parts of the bond market are starting to moderate.

   Mr. Manzanedo joined the meeting in progress.

The yield, performance, and distribution of the ultra-short portfolio were discussed. Mr. Tuchi asked about the portfolio's position, and Mr. Utter described the philosophy. Chair Odom inquired about the College's portfolio management, and Ms. Maina explained how it is balanced.

Mr. Clinco joined the meeting in progress.

Mr. Utter discussed the U.S. economic backdrop related to COVID-19, consumer resilience, employment recovery, and inflation. The rebound of the U.S. economy takes into consideration unemployment rates, economic activity, and job growth. Mr. Marcus inquired about the effect of the number of people leaving the job market, as it is challenging to fill positions. Mr. Utter stated that many are starting businesses or seeking early retirement. Supply chain and climate change are also increasing pressure.

Dr. Bea provided perspective on the College, as the Great Resignation is not impacting the stability of its workforce. Some are choosing retirement, but overall there are pockets of difficult hiring consistent with personnel patterns pre-COVID-19.

Mr. Utter concluded with the outlook. The supply chain and the challenge of combating inflation will lead to slower growth. Geopolitical issues, the U.S. GDP, and anticipated actions by the Federal Reserve were discussed.

Chair Odom asked if there were any additional questions from the Committee. With no further questions, Mr. Utter concluded his report.

4. **Internal Audit Report (Jose Saldamando)**
Mr. Saldamando introduced the Office of the Internal Auditor Executive Summary Quarterly Report for April 2022, beginning with a general update of current activities. The Construction Projects and Information Technology (IT) audits are co-sourced with HeinfeldMeech, and Mr. Saldamando discussed the status of these items. The Safety and Security Audit is paused, as the College has contracted with True North Consulting Group to perform a Security Master Plan Points of Interest report. Internal Audit will continue the audit once the report is completed.

Internal Audit is developing a newsletter, and any ideas for this communication can be shared with the Office of the EVC for Finance and Administration for conveyance to Mr. Saldamando.

Mr. Saldamando is developing the Internal Audit Risk Assessment Survey, which will be sent to Director-level and above employees later this month. Updates on the Security Access Workgroup and the Grants Audit were discussed, as well as reporting tools in development with the College's Strategy, Analytics and Research department.

A summary of the current audits and the status of open findings was reviewed. The open audits include Automotive, 2020 Center for International Education and Global Engagement, IT, Key

Controls Review, Clery Act Compliance, and Procurement and Contracts. As discussed at the February meeting of this Committee, there were no findings by the Arizona Auditor General during the most recent audit cycle.

Mr. Saldamando concluded with a summary of the detailed audit plan and compliance and guidance items.

Mr. Clinco asked for additional details about the Facilities audit. The audit is assessing the controls related to construction, and it is a component of both the Internal Audit Plan and the Chancellor's Goals. The security audit, as discussed above, is the second part of the Facilities audit.

Ms. Ward noted the thoroughness of the report, as well as the low number of findings still open and the data analytics that will be gained as a result of these reports. Mr. Odom thanked Mr. Saldamando for his report.

5. **Enterprise Risk Management (David Parker)**
Mr. Parker reported on the status of Enterprise Risk Management (ERM), including training and policy development. A risk register and strategy will be developed and included as a component of future reports to this Committee.

Regarding operational and insurance risk, rate increases from The Arizona School Risk Retention Trust were provided. Additional coverage for providing builder's risk (course of construction) for new construction and major renovation projects will be added, starting with the Center of Excellence for Health Professions. The policy changes will lead to overall cost savings for the College.

Cyber insurance remains the most significant challenge, as discussed with this Committee at the February meeting.

Ms. Ward congratulated Mr. Parker on completing certification from the *Society of Corporate Compliance and Ethics'* Compliance and Ethics Academy. Mr. Parker concluded his report.

Ms. Garcia joined the meeting in progress.

6. **CFO Update (David Bea)**

   a. **Revenue Bonds**
   An update on the revenue bonds was provided to this Committee.

Action Items (Continued)

7. **Committee Feedback on Fiscal Year 2023 Proposed Budget & Three-Year Budget Plan**
Dr. Bea stated that this topic was included as an Action Item on the agenda to provide the Committee with the option to provide feedback on the proposed budget.

A short presentation on the College's budget was sent with the meeting materials; if there is interest in more formal training, Committee members may contact the Office of the EVC for Finance and Administration.

The proposed Fiscal Year (FY) 2023 budget will prioritize employee compensation, emphasizing the classification and compensation study, salary adjustments, and adjunct faculty pay. Additional priorities include institutionalizing initiatives funded by the Higher Education Emergency Relief Funds (HEERF) and other grants, completing capital construction and deferred maintenance, reallocating resources to support growth areas, enhancing marketing, and increasing student scholarships.

Dr. Bea updated the Committee on the FY 2023 revenue summary, including an approved tuition increase, a proposed property tax levy increase of 4%, Prop 207 funds, and state appropriations for STEM. The Board has already indicated support for the property tax increase.

Regarding employee compensation, the College has provided minimal increases over recent years while trying to hold employees harmless during economic challenges. There have been very few layoffs as the focus has been to reduce the number of jobs via attrition. The classification and compensation (class/comp) study will bring employees to market to retain and attract talent. The current staff structure has compression challenges, as many of these employees are clustered at Step 1 of their salary scales.

There are steering committees for faculty and staff, and the project team includes the College's contracted vendor, Segal. The intention is to implement the new salary scales during FY 2023.

Mr. Clinco inquired about the possibility of a performance-based model, as the Board has expressed interest. Dr. Bea stated that the first phase of implementation includes discussion about an employee not being eligible for a step-type increase if the individual is on a performance improvement plan. There is a lot of nuance with additional performance-based metrics, and the new compensation structure will allow for the future implementation of a more enhanced performance-based model.

Current estimates are approximately $10M in compensation changes due to the class/comp study. The College is seeking to identify appropriate revenues for implementation and has committed to no employee making less money. Given the pressures of inflation, the College is striving to provide a minimum adjustment for all regular employees.

A tiered system for adjunct faculty is being explored to retain senior adjunct faculty.

The proposed 4% property tax levy will make significant progress toward employee compensation. Mr. Clinco asked if the community members of this Committee had any feedback on the proposed property tax increase.

Chair Odom asked about the tuition increase; Dr. Bea stated that it was approximately a 2% increase and that those revenues would be utilized to operationalize HEERF initiatives. Chair Odom noted that the increase in the property tax levy would shift the burden for generating revenues. Given decreasing enrollment, it is important not to raise taxes to increase operational expenses that cannot be maintained.

Ms. Garcia continues to be concerned with the large number of facilities and physical space at the College, especially given low enrollment and usage. Mr. Manzanedo asked how much the 4% property tax increase would accomplish for employee compensation and if there are impacts on construction projects and the future deferred maintenance. Dr. Bea stated that the goal is to develop a budget that sustains all operational needs. Capital projects are funded out of fund balance, and future budgets will include operationalizing deferred maintenance expenses. Per Ms. Garcia's concerns, Dr. Bea stated that there is currently no appetite for closing a campus.

Chair Odom inquired about the volume of capital projects and the discussions on the ability to maintain them. Dr. Bea stated that this year's capital discussions considered funding available, realistic enrollment projections, and the capacity of employees and the supply chain.

Mr. Clinco noted the need to increase physical space to support programs such as Aviation and Nursing since new facilities allow for increased enrollment capacity. There is likely no need for a Center of Excellence in all program areas, and Dr. Bea stated that community colleges nationwide are experiencing a challenge with general education programs.

Ms. Garcia asked about the hotel properties at the Downtown Campus and their purpose. An additional property was discussed. Dr. Bea stated that there is a need to create usable facilities, and the College could lease or sell property later.

Mr. Tuchi asked about a summary of the spaces that are currently unused or underused. Dr. Bea spoke about this issue and the inefficiencies in scheduling, given the number of campuses and the declining enrollment. Mr. Tuchi asked if this responsibility should fall under Dr. Bea's purview, and Dr. Bea indicated that it does in concert with the Academic areas. The proposed scenarios in the three-year budget plans include an Aggressive scenario and the possible suggestion to close a campus.

Chair Odom asked if there is a consensus among the Committee on the components of the FY 2023 budget and the scenarios in the three-year plan. Ms. Garcia is hoping the Committee will recommend a look at utilization, and she asked if leased properties will include full cost-recovery. Dr. Bea stated that is the intention, describing current leases and partnerships.

Ms. Garcia also noted the need to increase efficiencies to reduce expenses and not rely heavily on the tax base. Mr. Manzanedo stated that levy neutral is not the best option, and a 4% increase

seems reasonable. Mr. Tuchi concurred. Mr. Marcus noted that there might be taxpayer pushback, especially given inflation. Ms. Ward supported maintaining talent and utilizing an increase in property taxes to facilitate this initiative.

Mr. Marcus departed the meeting, noting he would support an increase to the property tax levy up to four percent.

Mr. Clinco suggested that this Committee may provide a recommendation not to exceed a 4% increase to the property tax levy, and the Board would consider this recommendation in their decision-making. Dr. Bea described the Truth in Taxation process, including notification and the Public Hearing. A 4% increase on a $100,000 property would equal approximately $5.00 per year for the homeowner.

Mr. Manzanedo stated that any increase could provide negative optics based on the number going up. Mr. Clinco noted that the approval by the community for Prop 481 may indicate support for the proposed property tax levy.

A motion was made to provide a statement on the Fiscal Year 2023 Proposed Budget:

> *Motion No. 202204-02: Understanding that there are short-term obligations and a need to correct to market compensation, this Committee is supportive of an increase to the property tax levy of up to 4% with an expressed need to redouble efforts to better define underutilized facilities and develop operational efficiencies.*
> First: Jesus Manzanedo
> Second: Ben Tuchi
> Vote: Motion passed unanimously (Odom, Tuchi, Clinco, Ward, Manzanedo, Witt, Garcia voting in favor)
> Motion Carried.

Information Items
8. **Future Agenda Items**
   a. Workforce Update
   b. Marketing
   c. Adult Education
   d. Office of Dispute Resolution
   e. Space Usage

Adjournment

The meeting adjourned at 11:32am.

Next Meeting:
June 17, 2022
Virtual Meeting - Zoom Webinar

Pima County Community College District

Office of the Internal Auditor Executive Summary Quarterly Report
June 2022

The Office of the Internal Auditor Executive Summary Quarterly Report provides an overview of the department activities during the second quarter of 2022. The report includes the following sections: General Department Update, Audit Recap, Audit Plan and Important Compliance and Guidance Items.

General Department Update

The Office of the Internal Auditor (OIA) continues to monitor and follow-up with management on all open audit findings. During the past quarter, the Internal Auditor checked periodically on the status of actions to address findings in the following areas: Automotive Technology Audit, Information Technology Audit, Key Controls Review, 2020 CIEGE Audit, and Procurement and Contracts Audit. See the Audit Recap section below for more details.

On April 20, 2022, the draft Information Technology (IT) Audit report was shared with IT Management. Internal Audit co-sourced this audit with HeinfeldMeech. The objective of this engagement was to perform a risk assessment of Pima Community College's information technology key controls. Most management responses and estimated implementation dates were received this month. An exit meeting will be scheduled soon.

The draft Construction Project Audit report will be completed during the week of June 13, 2022. Internal Audit co-sourced this audit with HeinfeldMeech. The objective of this audit is to conduct a business process review of fiscal controls, accounting controls, project monitoring, and funding compliance. The draft report will be shared with Facilities Management soon. Management responses and estimated implementation dates will be requested prior to issuing the final report.

The Office of the Internal Auditor (Internal Audit) has completed a special review of concerns expressed about possible internal control problems related to the selection of Trane as a vendor for the Comprehensive, Integrated Energy Management Project and issuance of a contract. The objectives of this review were to determine if the concerns and allegations could be substantiated and is so, what further action may be necessary. An additional objective of the review was to provide recommendations – as applicable. On June 6, 2022, Internal Audit issued a report, which found the concerns were not substantiated; the report was sent to the Chancellor, Governing Board, Finance and Audit Committee, and General Counsel.

Internal Audit initiated 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 risk prevention strategies for each of the campuses.

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As indicated during our last quarterly update, Facilities Management Department contracted with True North Consulting Group (TNCG) to perform a Security Master Plan Points of Interest. The review included a Comprehensive Security Threat, Risk, and Vulnerability Assessment; On-site Security Assessment; and an Analysis and Recommendation report. Internal Audit has delayed its Safety and Security review until TNCG share final results, so that those results may inform and focus the Internal Audit review.

Internal Auditor completed the 2022 Pima Community College Risk Assessment and the Audit Plan report. The purpose of this report is to provide management with information to make better informed decisions about whether College approaches to reduce or mitigate risks are effective and sufficient to carry out the activity under review at the risk level deemed appropriate and acceptable by management. The report was sent to the Chancellor, Governing Board, Finance and Audit Committee, Executive Vice Chancellor and Provost, Executive Vice Chancellor Finance & Administration, Vice Chancellor for Educational Services and Institutional Integrity, Assistant Vice Chancellor & Chief Human Resources Officer, Assistant Vice Chancellor of Facilities, President of Campuses & Executive Vice Chancellor for Student Experience & Workforce, Chief of Staff and General Counsel. It should be noted that prior to issuing the report, feedback was requested and received from the Chancellor, General Counsel, and members from the Finance and Audit Committee..

During the months of January, April, May and June, 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 to work 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 attended several virtual webinars. Some of these include: ACUA-Clery Act Fundamentals: Methods to Assist with Compliance and Increase Student Safety; Strategies for Optimizing Enrollment Conversions; Top Five Post-Pandemic Risks in Higher Education; PCC Human Resources Quarterly Q & A Session; and Pima Community College Wellness Webinars. Some webinars offered Continuing Professional Education (CPE) credits.

Pima County Community College District

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, 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). Below is an update on the open items.

| 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)	Sep. 2022
Comments: Strategy, Analytics and Research management is working on the remediation for this item (job placement rates to ensure programs are meeting the needs of students and industry; a college-wide project). The Office of Economic Opportunity (OEO) will meet with all data partners (Including DES, ABE) and will present the proposal. The next step is to work on the configuration of how partners will access the data. The implementation date was moved from 6/30/2022 to 9/30/2022. The risk rating for the remaining open item is medium.						
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)	Jul. 2022
Comments: The remaining open item is related to formalizing job descriptions and providing training to staff working at the Educational Orientation Window (EOW) at the Consulate of Mexico, Tucson Office. The Memorandum of Understanding (MOU) clarifying the roles of the parties has been updated and signed by the college and consulate. The Human Resources Department is updating the job description for this position; training will be provided next. The implementation date is 7/31/2022 or sooner. The risk rating for the remaining open item is medium.						
Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning	May 26, 2016 & May 31, 2017	3	1	Director of Cybersecurity	May 2019	Dec. 2022
Comments: IT Management implemented the Disaster Recovering Plan (DRP) Policy. DRP testing continues on key applications; full testing will be completed by June 30, 2022. Data centers DRP testing will follow. The Acting AVC/CIO is working on the remediation of this item. The risk rating for the remaining open item is high.						

Pima County Community College District

Audit Title	Audit(s) Date (Initial & Follow up Audits)	Number of Findings Issued	Number of Findings Open	Department/Area	Expected Completion Date * (Based on Audit Report)	New Expected Completion Date (Based on Follow-up)
Key Controls Review	Jan. 6, 2017	3	1	Director of Facilities	Jan. 2017	Jun. 2023
Comments: There has been good progress on the installation of access card readers during this quarter. There are two campuses that the access card readers are complete and operational. There are three locations where card readers are 80% and above installed. All FY22 & FY23 major construction projects will include card readers. In addition, progress has been made on the installation of other security equipment (e.g. installation of several video monitoring cameras continues, servers have been ordered and are in the process of being configured, Traka cabinets are being installed at various campuses, etc.). The risk rating for the remaining open item is high.						
Clery Act Compliance Audit	May 25, 2021	4	3	Public Safety Management	Mar. 2022 (longest date out)	Ju1. 2022
Comments: Management is actively working on the remediation of these findings. These items are related to: updating the PCC Police Department Administrative policies/procedures; identifying and training all Campus Security Authority (CSA) staff; and formalizing the process for 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.						
Procurement and Contracts Audit	6/30/2021	1	1	Procurement and Payment Services Management	Dec. 2021	Aug. 2022
Comments: The noted item is an auditor recommendation to further strengthen the internal controls related to vendor maintenance (i.e. remove duplicate and inactive vendors). Finance and IT management are actively working on the remediation of this finding (e.g. configuring, designing and testing modules; vendor registration; etc.). The "Go-Live" implementation is scheduled for August 31, 2022. The risk rating for this item is low.						
TOTAL		19	8	Percentage Closed 58%	Percentage Open 42%	

* 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).

Pima County Community College District
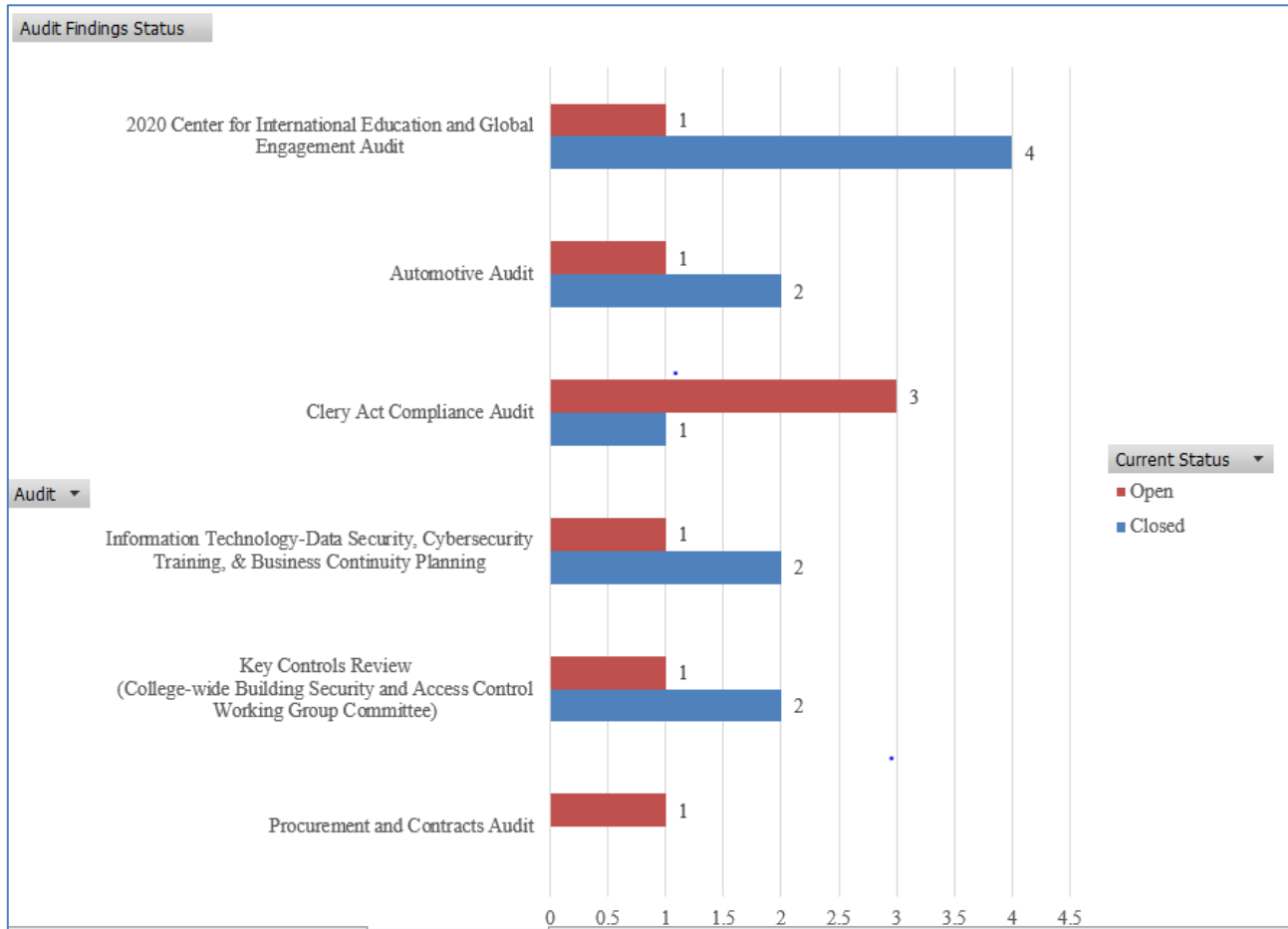
Below are the Audit Findings Implementation Status:

Audit Findings Implementation Status	◐	●	Total
Automotive Audit	1	2	3
Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning	1	2	3
Key Controls Review(College-wide Building Security and Access Control Working Group Committee)	1	2	3
2020 Center for International Education and Global Engagement Audit	1	4	5
Clery Act Compliance Audit	3	1	4
Procurement and Contracts Audit	1		1
Total	**8**	**11**	**19**

Pima County Community College District

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	○

Based on the most recent audit completed by the Arizona Auditor General (Year Ended June 30, 2021), there were no findings identified.

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.

Pima County Community College District

Audit Plan

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

ENGAGEMENT TYPE & DESCRIPTION*	TIMING		STATUS	RISK LEVEL**
Audits / Projects:	*2020 - 2021*	*2021 - 2022*		
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	Complete	High
Facilities Management (Capital Projects and Safety & Security)		Fall 2021	Complete In Progress	High
Grants Management		Spring 2022	Planning	Medium
Enrollment Management		Spring 2022	-	Medium
Human Resources/Payroll		Spring 2022	-	Medium
Advisory Services:				
Special Projects and Reviews		Fall 2021 – Spring 2022	Ongoing	-
Advising & Academic Support		Fall 2021 – Spring 2022	Ongoing	-
External Audits Support / Follow-ups:				
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; Procurement and Contracts Audit)	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.

Pima County Community College District

Important Compliance and Guidance Items:

U.S. Department of Education   **May 19, 2022**
Building on President Biden's Unity Agenda, Education Department Urges Colleges to Use American Rescue Plan Funds to Provide Mental Health Supports to Students.
https://www.ed.gov/news/press-releases/building-president-bidens-unity-agenda-education-department-urges-colleges-use-american-rescue-plan-funds-provide-mental-health-supports-students
This website is being monitored by the Vice Chancellor for Educational Services and Institutional Integrity.

U.S. Department of Education   **May 6, 2022**
U.S. Department of Education Announces Intent to Strengthen and Protect Rights for Students with Disabilities by Amending Regulations Implementing Section 504.
https://www.ed.gov/news/press-releases/us-department-education-announces-intent-strengthen-and-protect-rights-students-disabilities-amending-regulations-implementing-section-504
This website is being monitored by the Vice Chancellor for Educational Services and Institutional Integrity.

Higher Learning Commission   **April 25, 2022**
Higher Learning Commission graduates first institutions from Student Success Academy
https://download.hlcommission.org/1st%20graduates%20Student%20Success%20Academy.pdf
This website is being monitored by the Vice Chancellor for Educational Services and Institutional Integrity.

PimaCountyCommunityCollegeDistrict
Office of the Internal Auditor

2022 Pima Community College Risk Assessment & Audit Plan Report

June 10, 2022

DISTRIBUTION:

Lee Lambert, Chancellor
Governing Board
Finance and Audit Committee
Dolores Duran-Cerda, Executive Vice Chancellor and Provost
Dave Bea, Executive Vice Chancellor, Finance and Administration
Bruce Moses, Vice Chancellor for Educational Services and Institutional Integrity
Phillip Burdick, Vice Chancellor for External Relations
Carleen Thompson, Asst. Vice and Chief Human Resources Officer
Brandye D'Lena, Asst. Vice Chancellor of Facilities
David Dore, President of Campuses & Exec. V.C. for Student Experience & Workforce
Tom Davis, Chief of Staff
Jeff Silvyn, General Counsel

Completed by: Jose A. Saldamando
Internal Auditor, Office of the Internal Auditor

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EXECUTIVE SUMMARY

I.   INTRODUCTION

The Office of the Internal Auditor (Internal Audit) has completed the 2022 Pima Community College (College) Risk Assessment. The Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)* requires that Internal Audit performs a risk assessment to aid in identification of risks facing the organization to assist in the development of the annual Audit Plan.

All business activities involve some level of risk. The purpose of a Risk Assessment and the related Audit Plan is to provide management with information to make better informed decisions about whether College approaches to reduce or mitigate risk are effective and sufficient to carry out the activity under review at the risk level deemed appropriate and acceptable by management.

This report should be restricted/limited to only those individuals with a business need to know to limit potential additional liability risks to the College.

II.   2022 RISK ASSESSMENT RESULTS SUMMARY

Overall, there are numerous significant risk areas believed to be currently facing the College that were identified during the 2022 Risk Assessment. The top five highest risk categories are:
* Governance (how institution is organized and managed)
* Human Resources (i.e. Employee (EE) Recruitment & Retention; EE Classification & Pay Admin.; EE Development).
* Advising and Academic Support (i.e. Student Affairs; Student Code of Conduct; etc.)
* Enrollment Management
* Information Technology (i.e. Data Privacy/Integrity; Data Access & Security; Disaster Recovery/Bus. Cont. Plan)

It should be noted that the assessment reflects the perceptions of those surveyed and interviewed, rather than objective measures of risk. The survey identifies general areas of risk, rather than specific processes. Further work is required to develop sufficiently detailed scopes of work to permit a meaningful and actionable audit report.

It is helpful to note that senior College leadership, management, staff and faculty have made sustained efforts to address many of the identified risk categories listed in this report; however, additional work remains to be completed. Internal Audit will perform additional risk analysis and interviews to help determine a detailed audit scope within these highest risk areas prior to starting an audit engagement. In addition, Internal Audit will monitor and identify risks and provide recommendations to remediate them in the future as well. Overall, demonstrated progress has been made to address risks at the College, but further work remains to be completed.

III. RISK DEFINITIONS

WHAT IS A RISK

Risk is defined as the effect of uncertainty upon our objectives, which may have positive or negative outcomes. This risk assessment focuses upon potential negative outcomes, where a risk is an event or an exposure that could prevent the College from meeting its goals and objectives; risk is measured in terms of probability and significance.

WHAT IS A RISK ASSESSMENT

A risk assessment is not an audit; it is the identification and analysis of relevant risks to the achievement of an organization's objectives in order to determine how those risks should be managed. In other words, it is an analysis of what could go wrong.

Not all risks are equal. Some are more likely than others to occur, and some will have a greater impact than others if they occur. Once risks are identified, their probability and significance must be assessed.

As a good business practice, the risk assessment process is an ongoing one; the survey is one part of the ongoing risk assessment process. Internal and external threats constantly develop, presenting new exposures to the College.

IV. RISK PROCESS FLOW

Organizational risks can be viewed as a process flow. Risks that are proactively identified in the Risk Assessment Report help provide an opportunity for senior management to develop a response (a management action plan) that will lead to desired positive results and outcomes. Strategies for addressing risk might seek to lower the probability of an adverse event, reducing the impact of an adverse event, or shifting the risk away from the College. For example, compliance and regulatory risks may be reduced by providing regular employee training on specific compliance requirements and developing strong internal controls to limit risks to the College; for other risks, the College might purchase insurance or require a vendor to assume part of the risk.
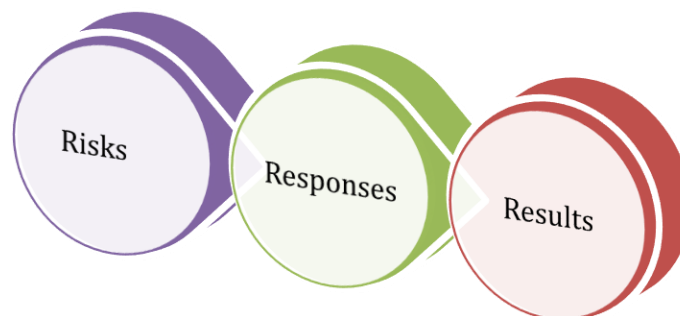
Risks that are not adequately addressed by management may lead to undesirable consequences for the College. For example, the College may not be able to effectively or fully reach all of its planned strategic objectives if compliance and regulatory requirements are not met. External federal regulators, such as the United States Department of Education (DOE), have numerous requirements for management and disbursement of student financial aid (Title IV financial aid). The majority of Pima students rely upon financial aid to attend Pima and if Title IV financial aid were no longer available, students might not be able to continue with their studies and therefore negatively impacting the College's student enrollment strategic goals. Another example of an external regulator is the Higher Learning Commission (HLC), the College's accrediting organization that has a detailed framework of criteria that must be complied with. Meeting HLC requirements is important because accreditation of the College is the foundation for offering valid academic degrees and certificates that are recognized and accepted by other higher educational institutions and employers, as well as for qualifying the College to disburse federal financial aid to students.

CATEGORIES OF RISKS FACING PIMA IN 2022

The College faces many different categories and levels of risks that are inter-related. For example, compliance and regulatory risks exist that potentially could result in large financial penalties from outside regulators if appropriate procedures are not always followed. Examples of categories of risks the College is facing are listed below.

V. SCOPE AND METHODOLOGY

To determine the current highest risks facing the College in 2022, Internal Audit:
- Surveyed all Director level and above employees via the 2022 risk assessment questionnaire. Eighty percent (80%) participation was achieved in the survey with 90 Director level and above employees participating.
- Coordinated and worked closely with the College Office of Strategy, Analytics, and Research staff. Resulted in 47 page risk assessment report details.
- Consulted with Directors, senior administration and Finance and Audit Committee members on development of expanded Risk Assessment questions and processes.
- Performed risk trend analysis for College risk assessment; created a 2022 Risk Register of the highest risks currently facing the College.
- Examined prior risk assessment reports.
- Researched current risk trends for other organizations and industries.
- Reviewed other Community College Internal Audit departments Risk Assessment processes.
- Developed an Audit Plan for the College.

See Appendix "B" for additional research and activities considered in the Risk Assessment and Engagement Plan.

VI. 2022 RISK ASSESSMENT INFORMATION AND RESULTS

TOP 10 RISK SURVEY RESULTS

Director level and above employees participated in a detailed Risk Assessment Survey and submitted responses. The top 10 risk survey responses are the following:

1. Governance (how institution is organized and managed)
2. Human Resources (i.e. Employee (EE) Recruitment & Retention; EE Classification & Pay Admin.; EE Development).
3. Advising and Academic Support (i.e. Student Affairs; Student Code of Conduct; etc.)
4. Enrollment Management
5. Information Technology (i.e. Data Privacy/Integrity; Data Access & Security; Disaster Recovery/Bus. Cont. Plan)
6. Facilities Management (i.e. Safety and Security; Environmental Health & Safety; Construction; etc.)
7. Risk Management (i.e. Compliance & Regulatory, etc.)
8. Provost
9. Diversity and Multicultural Services
10. Grants Administration & Compliance

Top 2022 Risks Categories - Survey Results

Risk Category	Count
Governance (how institution is organized and managed)	26
Human Resources (i.e. EE Recruitment & Retention; EE Classification & Pay Admin.; EE Development)	22
Advising and Academic Support (i.e. Student Affairs; Student Code of Conduct; etc.)	20
Enrollment Management	19
Information Technology (i.e. Data Privacy/Integrity; Data Access & Security; Disaster Recovery/BCP)	17
Facilities Management (i.e. Safety and Security; Environmental Health & Safety; Construction; etc.)	16
Risk Management (i.e. Compliance & Regulatory, etc.)	10
Provost	7
Diversity and Multicultural Services	6
Grants Administration & Compliance	5

■ Count

*Count refers to the number of responses for risk category

DETAILED RISK SURVEY RESULTS

The following results were obtained from the detailed 2022 Risk Assessment survey. The top three risk area categories identified by all Director level and above employees are the following:

Answer	%	Count
Governance (how institution is organized and managed)	13.60%	26
Human Resources (i.e. EE Recruitment & Retention; EE Classification & Pay Admin.; EE Development)	11.50%	22
Advising and Academic Support (i.e. Student Affairs; Student Code of Conduct; etc.)	10.50%	20
Enrollment Management	9.90%	19
Information Technology (i.e. Data Privacy/Integrity; Data Access & Security; Disaster Recovery/BCP)	8.90%	17
Facilities Management (i.e. Safety and Security; Environmental Health & Safety; Construction; etc.)	8.40%	16
Risk Management (i.e. Compliance & Regulatory, etc.)	5.20%	10
Provost	3.70%	7
Diversity and Multicultural Services	3.10%	6
Campus Public Safety	2.60%	5
Distance Education	2.60%	5
Grants Administration & Compliance	2.60%	5
Employee Service Center (i.e. Benefits, Administration; Payroll; etc.)	2.10%	4
Strategy, Analytics and Research (STAR)	2.10%	4
Accounting, Budgeting, and Financial Reporting	1.60%	3
Records Management/Records Retention	1.60%	3
Marketing and Communications	1.00%	2
Purchasing & Contracting	1.00%	2
Legal Counsel	0.50%	1
Occupational Programs	0.50%	1
Veterans	0.50%	1
Foundation & Alumni Services	0.00%	0
Media Services	0.00%	0
Workforce Development	0.00%	0
*Other (please specify):	6.30%	12
Total	100.0%	191

* There was an assortment of additional risk areas identified as "Other" by respondents that included a variety of different risk areas; some of these risks are related to the top five risks.

The Risk Assessment Survey results are utilized by Internal Audit in the developing the College Audit Plan, in close coordination with the Finance and Audit Committee. In addition, the Risk Assessment results may be utilized by senior administration, management, staff and the Governing Board as a reference to help allocate resources to remediate highest risk areas, as needed.

Internal Audit is available to provide assistance, guidance or to answer questions from senior management and others regarding remediation of risks identified and is also available as an on-site resource, as needed.

See Appendix "A" for detailed risk assessment survey questions & summary results.

VII. ENGAGEMENT PLANNING AND RISK ASSESSMENT

### INTERNAL AUDITING STANDARD - PLANNING

Internal Audit provides independent, objective assurance, education and advisory services designed to add value and improve the College's operations. Internal Audit is responsible for developing a risk-based engagement plan, taking into account the organization's risk management framework. If a framework does not exist, the Internal Auditor uses his/her own judgment of risks after consideration of input from senior management and the Board. The Internal Auditor must review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.

OBJECTIVE

A comprehensive, data-driven, and objective risk-based audit plan based on critical College risks that follows a business focused approach and allows flexibility. The key objective of the annual plan (and resulting engagements) is effective and efficient resource management linked with a sound business approach.

RISK ASSESSMENT PROCESS OVERVIEW

Areas are selected for audit based on the annual college-wide risk assessment. This risk assessment takes into consideration operational, compliance, financial, and reputational risks, as well as areas of management concern. The purpose of the risk assessment is to assess the likelihood and impact of the risks to the College, by measuring and prioritizing risks, in order to focus management's attention on the most important threats and opportunities and to begin the work for risk responses.
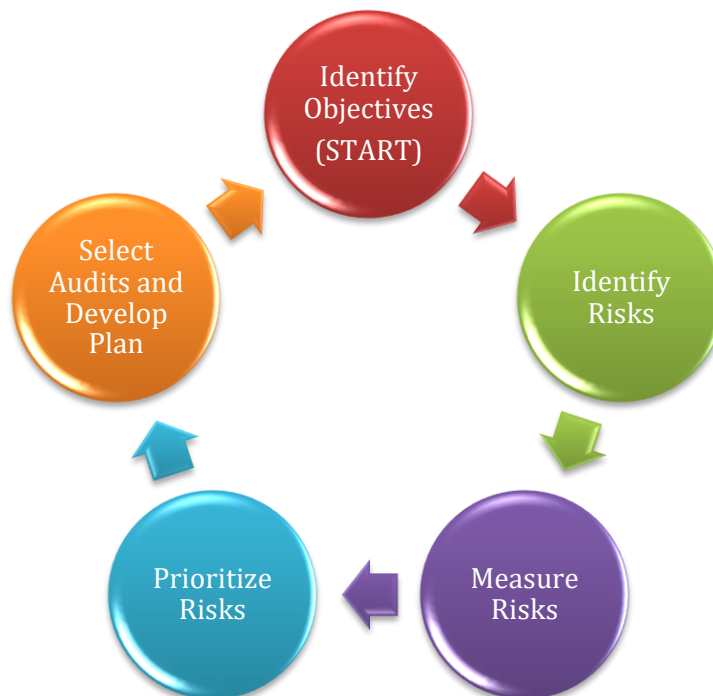
PRIORITIZING RISKS AND PLAN DEVELOPMENT

- ➢ Factors used to prioritize risks and build the engagement plan include:
  - ▪ College Strategic Direction
  - ▪ Core Themes and Objectives (See Appendix "C")
  - ▪ PCC Specific Risk & Concerns rated as:
    - ‑ Major or Catastrophic Impact
    - ‑ Likely or Almost Certain Probability
    - ‑ Rapid Velocity
- ➢ Additional audit planning considerations include**:**
  - ▪ Internal Audit resources
  - ▪ Current or upcoming operational and system changes
  - ▪ Special requests/projects
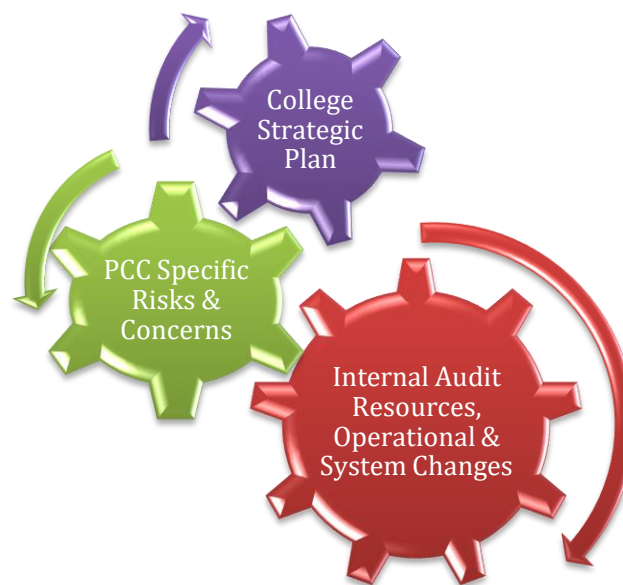
VIII. <u>RISK MATRIX</u>

MEASURING RISKS

The significance of risks is assessed based on impact and likelihood.

- ▪ **Impact:** The effect on the College, and stakeholders, if a risk event occurs or if the area is not functioning as intended. The impact is an estimate of the harm that could be caused by an event. Impact can include lost revenue, increased expenses, declining enrollment, fines, adverse publicity, sanctions, reputational damage, and reduced employee morale. Impact can be insignificant, minor, moderate, major, or catastrophic.

- ▪ **Likelihood:** Refers to the probability that an unfavorable event would occur if there were no internal controls or existing controls are not working as intended. Factors can include prior audit results, turnover, management and staff concerns, lack of internal monitoring and/or governance, operational and control weaknesses, and lack of training.

The heat map was created to view the portfolio of risks based on the impact and likelihood definitions to allow for a direct comparison of the highest rated opportunities and risks for consideration and prioritization.

RISK MATRIX
Area / Function

IMPACT		RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN
HIGH	CATASTROPHIC			▪ **Accounting, Budgeting, and Financial Reporting**	▪ **Risk Management**[2] (i.e. Compliance & Regulatory, etc.) ▪ **Campus Public Safety** (i.e. Clery Act, IACLEA, etc.)	▪ **Information Technology**[3] (i.e. Data Privacy / Integrity; Data Access & Security; Disaster Recovery/BCP)
	MAJOR		▪ **Diversity and Multicultural Services**	▪ **Facilities Management** (i.e. Safety and Security; Environmental Health & Safety; Construction; etc.) ▪ **Grants Admin. and Compliance** ▪ **Provost** ▪ **Distance Education**	▪ **Enrollment Management** ▪ **Advising and Academic Support** (i.e. Student Affairs; Student Code of Conduct; etc.) ▪ **Purchasing & Contracting**	▪ **Records Management / Records Retention** ▪ **Human Resources** (i.e. EE Recruitment & Retention; EE Classification & Pay Admin.; EE Development) ▪ **Governance**[1] (how institution is organized and managed)
	MODERATE				▪ **Employee Service Center** (i.e. Benefits Administration; Payroll; etc.)	
LOW	MINOR					
	INSIGNIFICANT					

LOW ← LIKELIHOOD → HIGH

Note: Areas of rapid velocity are in bold and all capitals (i.e. Risk velocity measures how fast an exposure can impact an organization)
[1] Includes Higher Education and Organizational Risk – Collaboration and Change Management
[2] Includes Higher Education and Organizational Risk - Compliance, Legislative, & Regulatory Landscape
[3] Includes Higher Education and Organizational Risk – Information Security & Data Privacy

IX. AUDIT RESOURCES AND ENGAGEMENT PLAN DETAILS

RESOURCES

Internal Audit currently has one full-time staff member available to administer the audit plan and all compliance and audit responsibilities set forth in the department charter.

The allocation of resources for the audit plan have been considered and outlined. Co-sourcing will be utilized in the audit plan, where needed, based on risk and subject matter expertise. The plan includes 60% of available hours directed to audit engagements, 10% advisory services, and 30% external audit support and audit follow up.

OFFICE OF THE INTERNAL AUDITOR - TIME ALLOCATION

■Audit Engagements   ■Advisory Services   ■External Audit Support and Audit Findings Follow-up
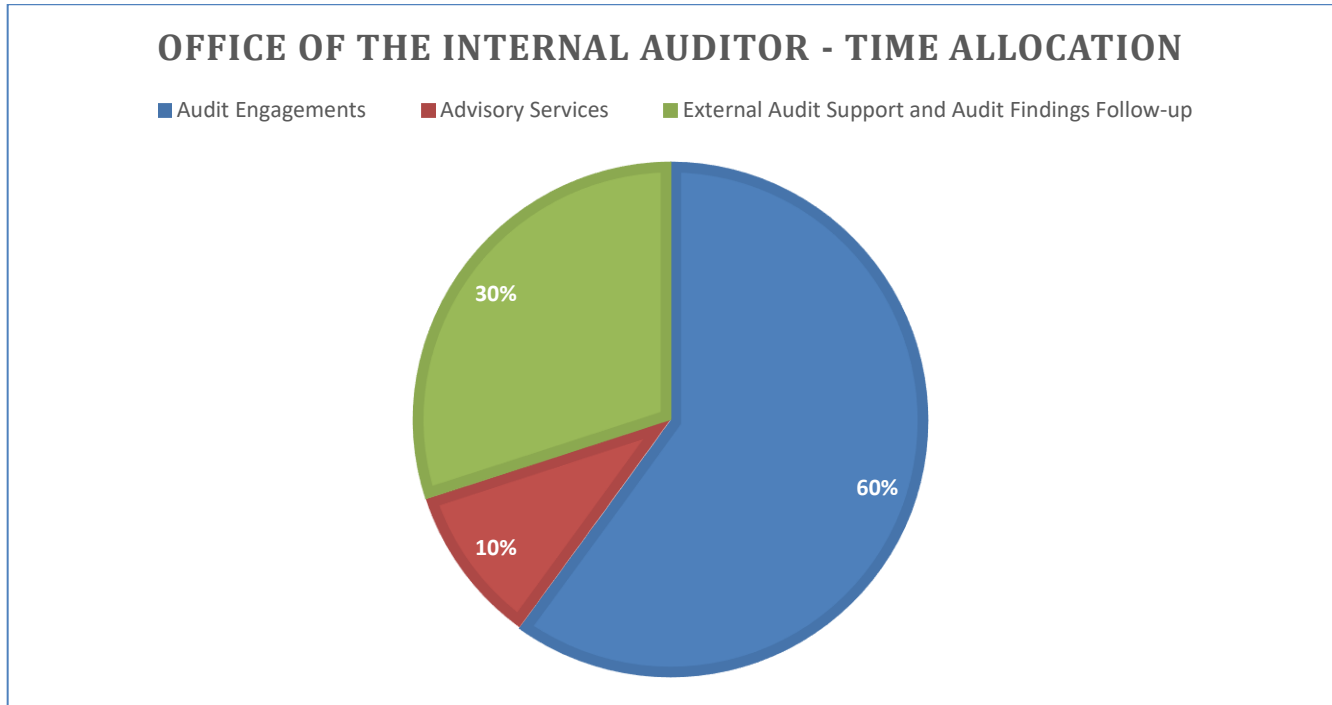
Calculation of Estimated Audit Hours Available for Fiscal Year 2022-2023*	
Internal Auditor (Full Time Employee)	***Hours***
40 hours a week x 52 weeks a year = Total Annual Hours Available	2,080
Less: Paid time off (Vacation (200), Sick Leave (100), Holidays/Recesses (152)	452
Less: Professional Development and Training Hours	80
Total Annual Available Hours	**1,548**
Administrative Activities (5% of total annual available hours)	77
Audit Related Activities:	
Audit Engagements	883
External Audit Support and Audit Follow up	441
Advisory Services	147
Total Work Plan Hours Allocated	**1,548**

*Due to the dynamic environment of the College and risk environment, the audit hours may vary from each audit related activity for unplanned audits or special requests.

ENGAGEMENT PLAN

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

ENGAGEMENT TYPE & DESCRIPTION*	TIMING
Audits / Projects:	***2022 - 2023***
2022 College Risk Assessment	Spring 2022 - Complete
Information Technology	Spring 2022 - Complete
Facilities Management (Construction Projects & Safety Security)	Spring 2022 – In Progress
Grants Management	Spring 2022 – In Progress
Human Resources	Fall 2022
Governance	Spring 2023
Enrollment Management	Spring 2023
Advisory Services:	
Special Projects and Reviews	Spring 2022; Fall 2022; Spring 2023
Advising & Academic Support	Spring 2022; Fall 2022; Spring 2023
External Audits Support / Follow-ups:	
Arizona Office of the Auditor General's Audit Support and follow-up	Fall 2022; Spring 2023
Follow-up on Audit Findings** (e.g. Automotive Audit; 2020 Center for International Education and Global Engagement; Clery Act Compliance Audit; Information Technology-Data Security, Cybersecurity Training, & Business Continuity Planning; Key Controls Audit; Procurement and Contracts Audit)	Spring 2022 Fall 2022 Spring 2023

 *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.

**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.

X. **Appendix A: Detailed Risk Assessment Survey Questions & Summary Results**

Numerous internal control processes were reviewed. The Risk Assessment survey question and associated summary results are provided below:

OPERATIONAL (O)

O1. Does the College have policies and procedures that support the key functions and processes in your department/area?
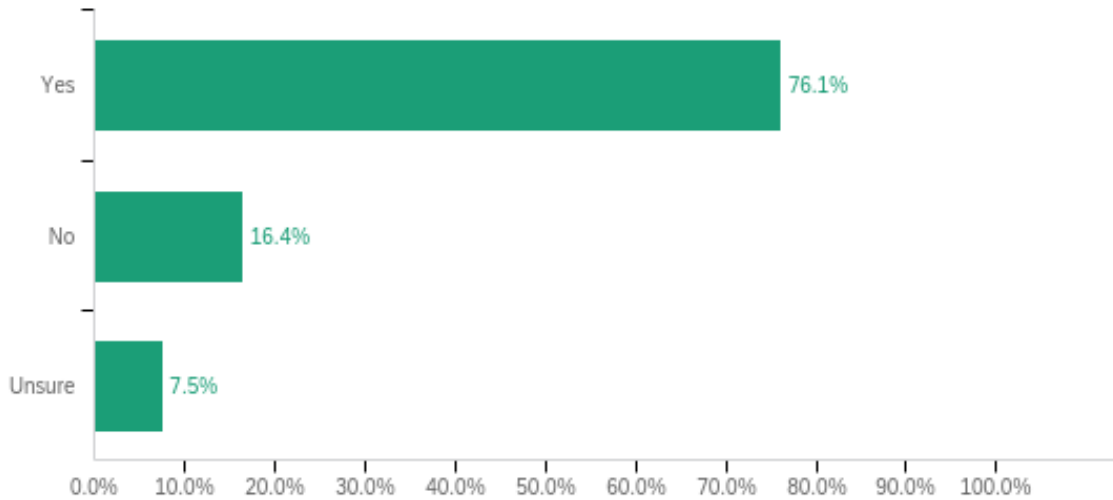
Answer	%	Count
Yes	76.1%	51
No	16.4%	11
Unsure	7.5%	5
Total	100%	67

O2. Have policies, procedures, or operating manuals in your department/area been reviewed and/or updated within the past two years?
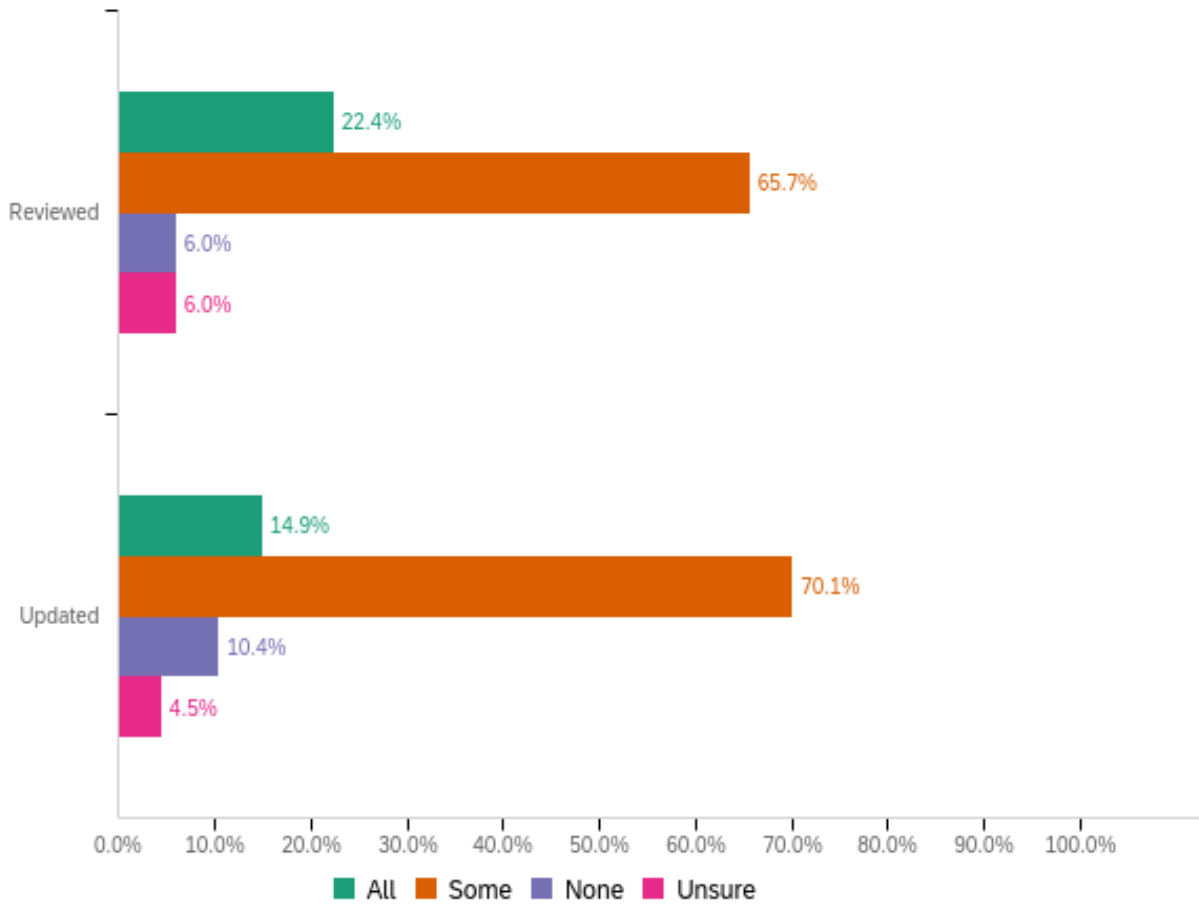
Answer	All		Some		None		Unsure		Total
Reviewed	22.4%	15	65.7%	44	6.0%	4	6.0%	4	67
Updated	14.9%	10	70.1%	47	10.4%	7	4.5%	3	67

O3. What are the annual continuing education requirements for staff in your department/area?
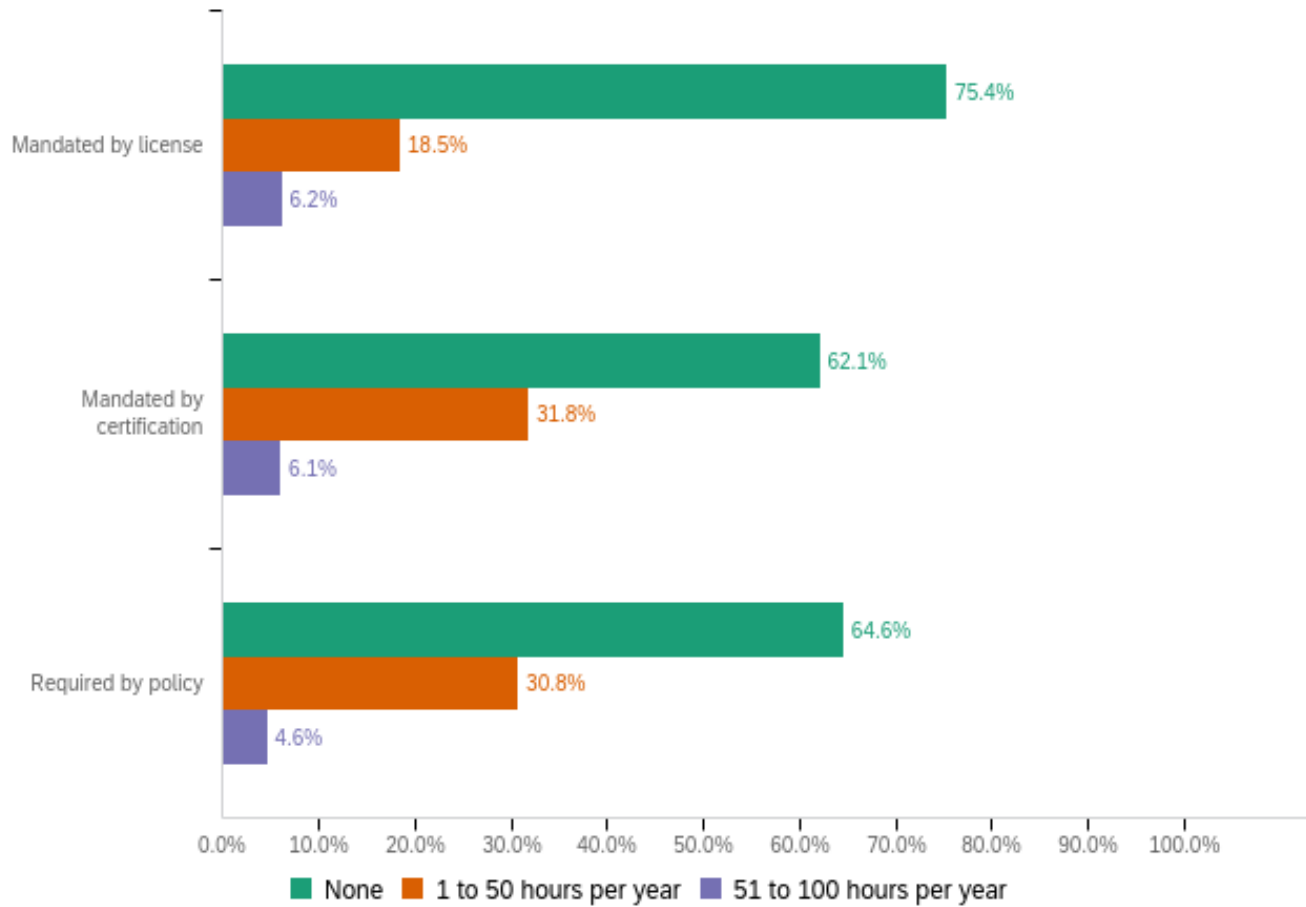
Answer	None		1 to 50 hours per year		51 to 100 hours per year		Total
Mandated by license	75.4%	49	18.5%	12	6.2%	4	65
Mandated by certification	62.1%	41	31.8%	21	6.1%	4	66
Required by policy	64.6%	42	30.8%	20	4.6%	3	65

Q4. **Do you complete any regular "self-audits" or internal assessments in your department/area?**
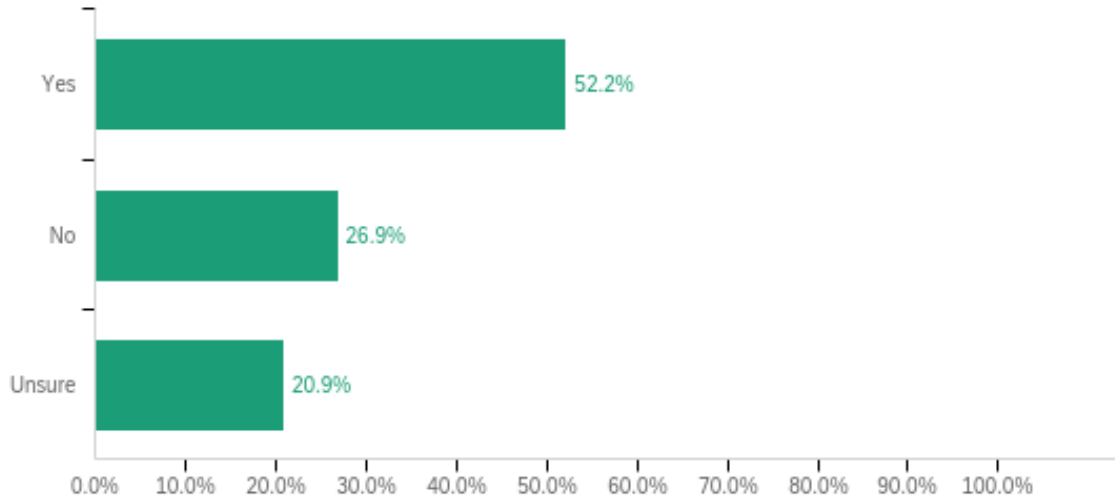
Answer	%	Count
Yes	52.2%	35
No	26.9%	18
Unsure	20.9%	14
Total	100%	67

LOCAL, STATE AND FEDERAL REGULATIONS (L)

L1. To what extent do regulations, affect or have impact on operations?

Note: Assess how government regulations (federal, state, or local) impact your department's operations and exposure to sanctions and potential penalties for noncompliance. How well your area operations is subject to and align with accreditation requirements. Please be sure to factor in the complexity, volume, and change in regulations, including ordinances, municipal codes, administrative regulations, IGAs, federal and state laws and regulations, contract conditions, and grant provisions that pertain to your department.
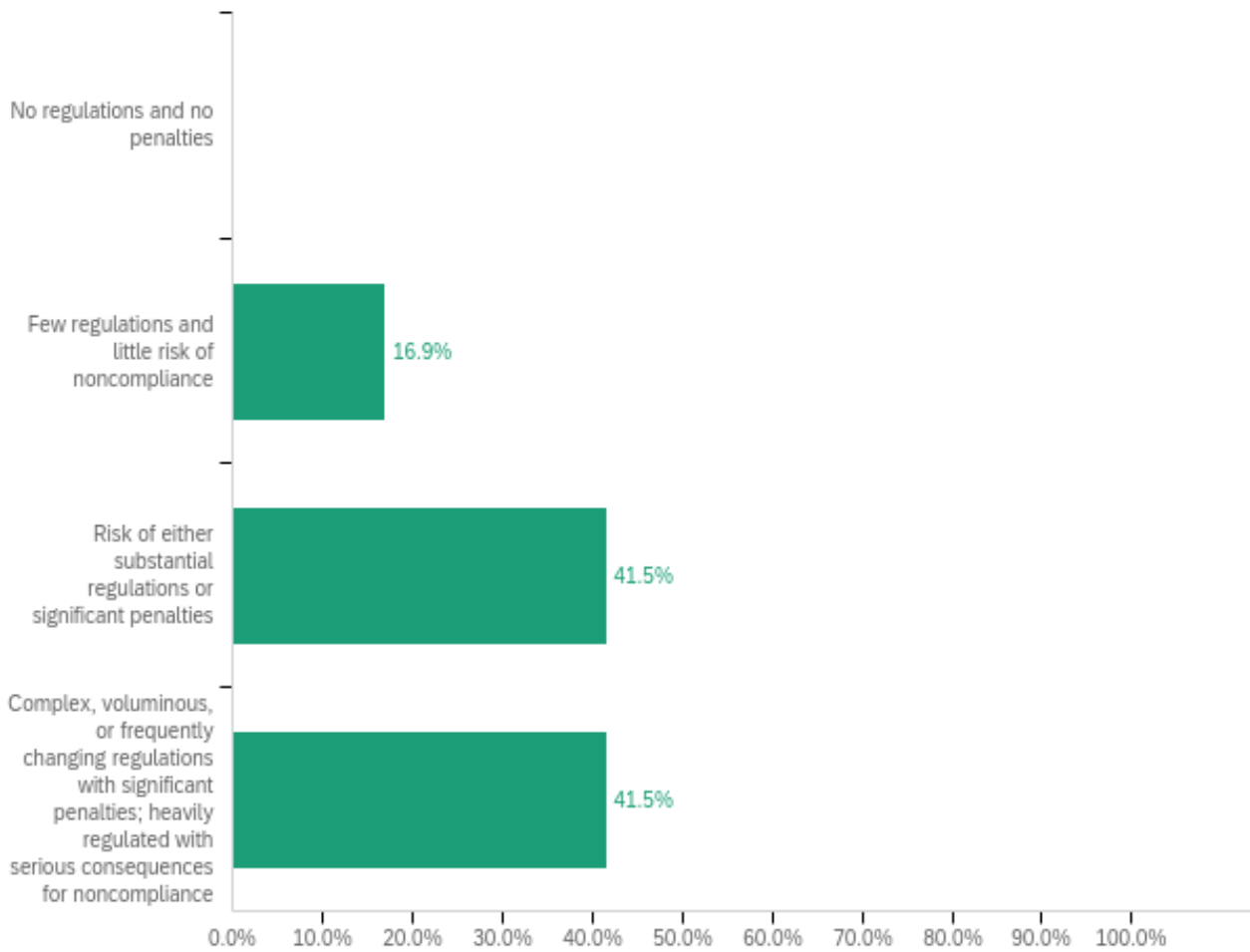
Answer	%	Count
No regulations and no penalties	0.0%	0
Few regulations and little risk of noncompliance	16.9%	11
Risk of either substantial regulations or significant penalties	41.5%	27
Complex, voluminous, or frequently changing regulations with significant penalties; heavily regulated with serious consequences for noncompliance	41.5%	27
Total	100%	65

L2. Are department personnel (in your area) sufficiently informed about important federal, state and local regulations that govern activities they perform?
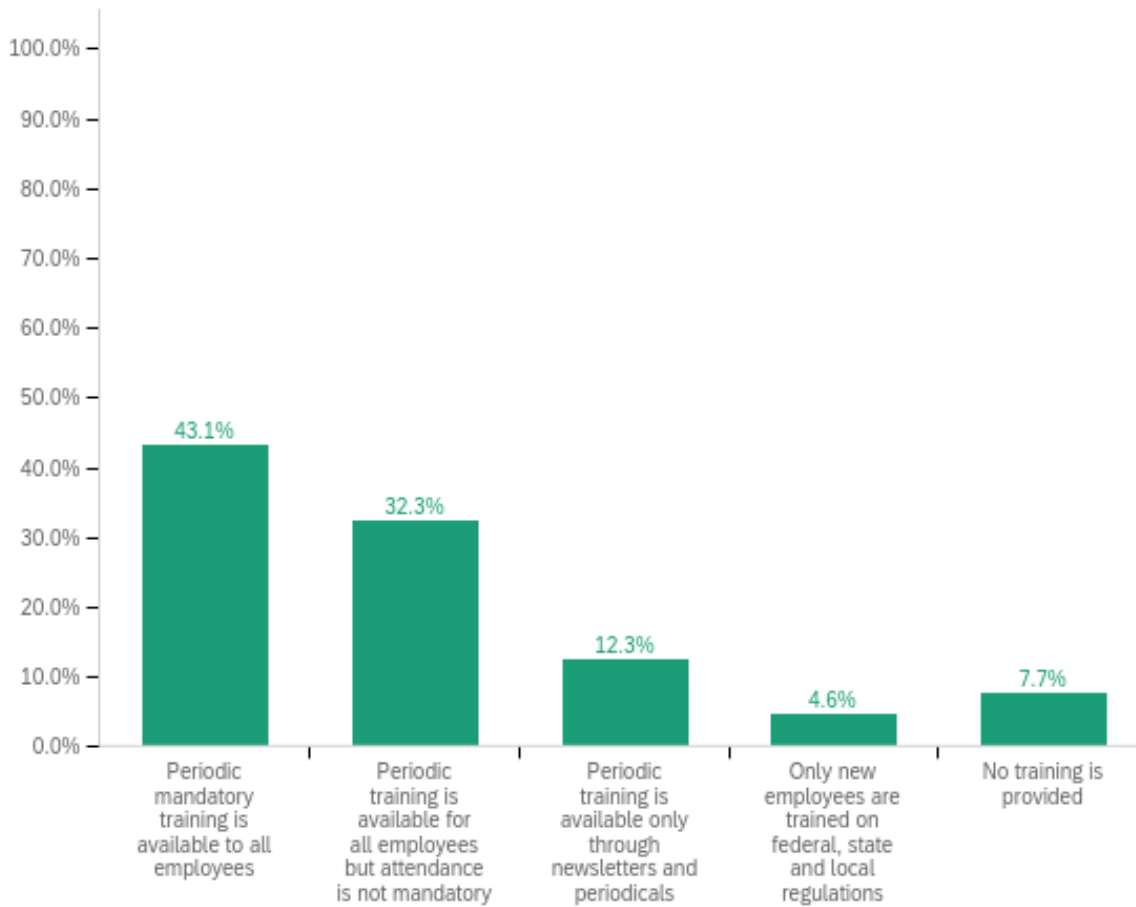
Answer	%	Count
Periodic mandatory training is available to all employees	43.1%	28
Periodic training is available for all employees but attendance is not mandatory	32.3%	21
Periodic training is available only through newsletters and periodicals	12.3%	8
Only new employees are trained on federal, state and local regulations	4.6%	3
No training is provided	7.7%	5
Total	100%	65

L3. Do departmental procedures and policies, available for personnel, sufficiently detail the activities they perform with the department?
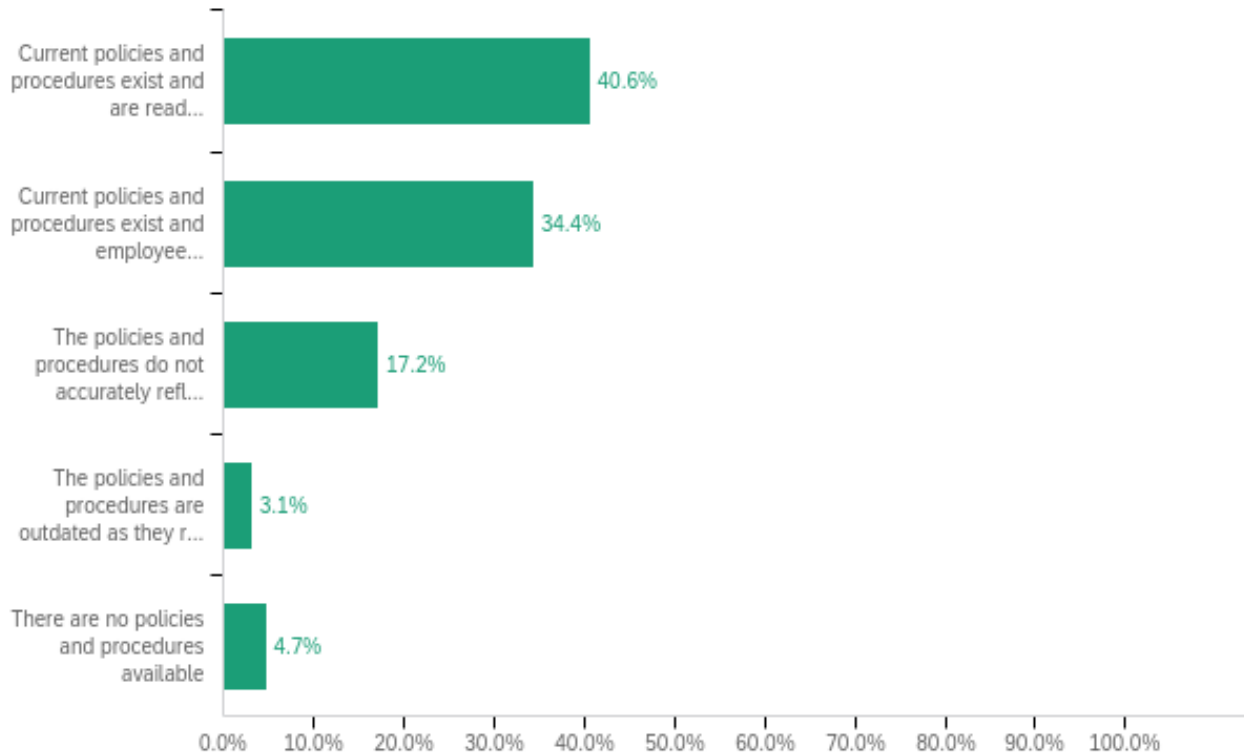
Answer	%	Count
Current policies and procedures exist and are readily available to all employees	40.6%	26
Current policies and procedures exist and employee knowledge is periodically conformed	34.4%	22
The policies and procedures do not accurately reflect the department's current process and procedures	17.2%	11
The policies and procedures are outdated as they reference systems and applications no longer in use	3.1%	2
There are no policies and procedures available	4.7%	3
Total	100%	64

L4. Have there been instances of fraud, computer abuse, or data loss within your department/area?
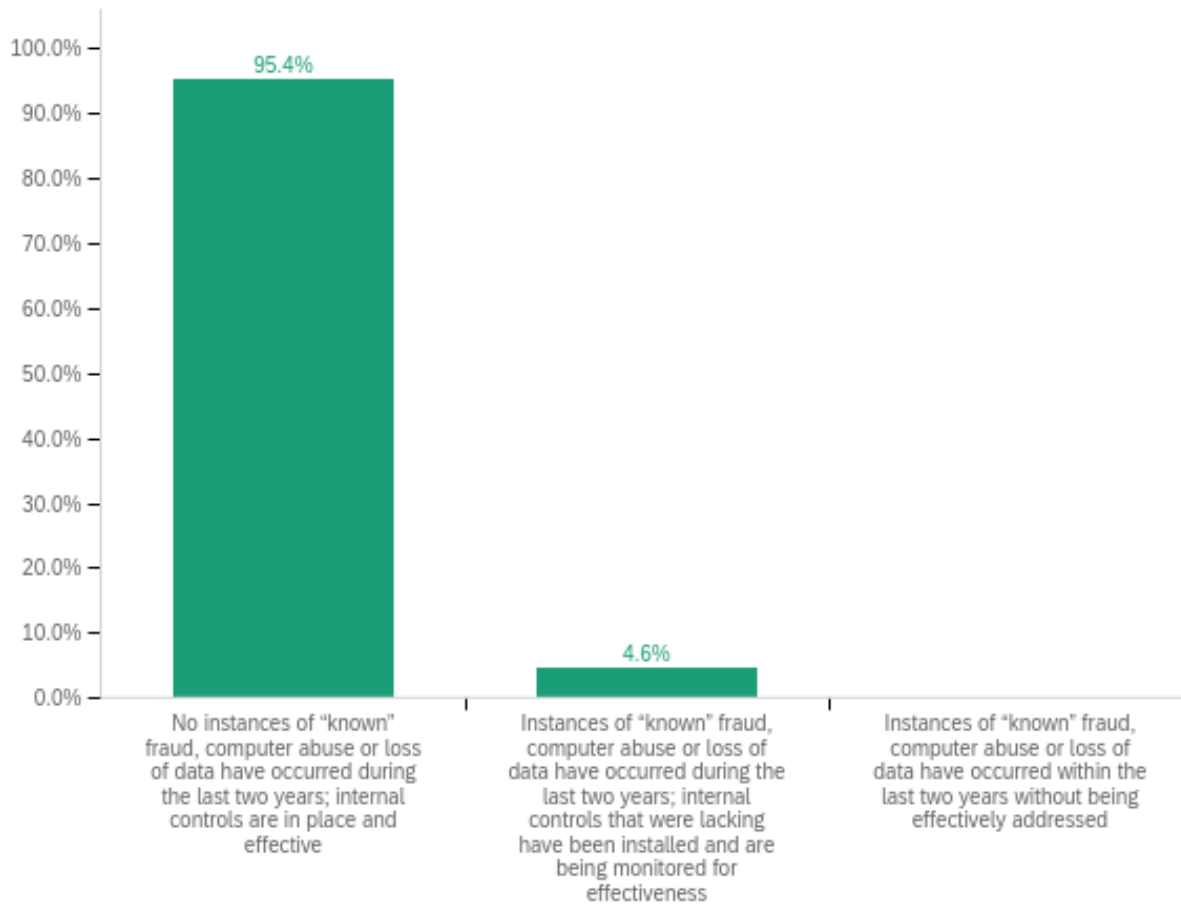
Answer	%	Count
No instances of "known" fraud, computer abuse or loss of data have occurred during the last two years; internal controls are in place and effective	95.4%	62
Instances of "known" fraud, computer abuse or loss of data have occurred during the last two years; internal controls that were lacking have been installed and are being monitored for effectiveness	4.6%	3
Instances of "known" fraud, computer abuse or loss of data have occurred within the last two years without being effectively addressed	0.0%	0
Total	100%	65

CASH HANDLING (CH)

CH1. To what extent does our department handle cash?

Note: Be sure to factor in the amount of cash collected as compared to business transacted by other means (credit card, electronic funds transfer, invoice, journal entry, etc.), as well as risks associated with the volume, type and nature of existing assets that are susceptible to theft such as equipment, supplies and inventories.
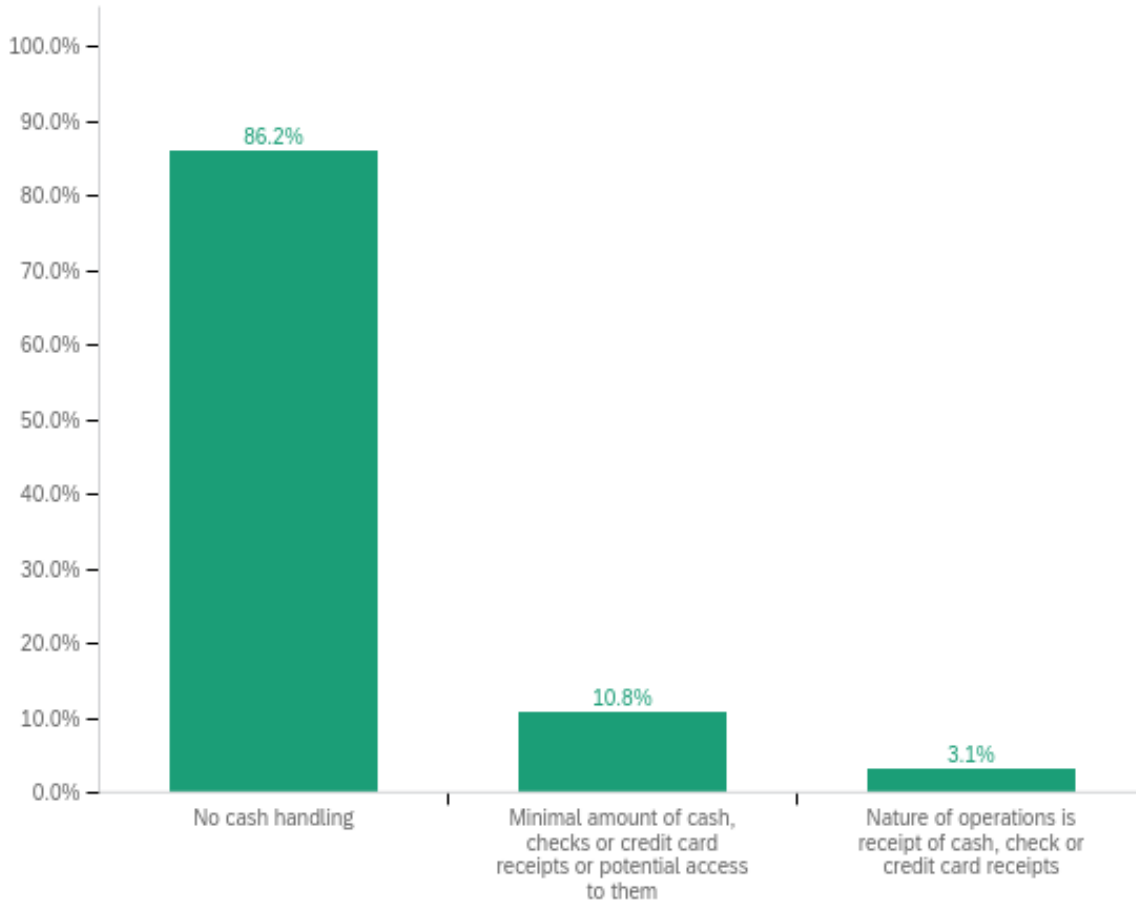
Answer	%	Count
No cash handling	86.2%	56
Minimal amount of cash, checks or credit card receipts or potential access to them	10.8%	7
Nature of operations is receipt of cash, check or credit card receipts	3.1%	2
Total	100%	65

CH2. Does adequate segregation of duties exist within you department between staff members responsible for receiving, depositing and reconciling cash and checks?

Note: One employee should not be responsible for receiving, depositing and reconciling cash and checks.
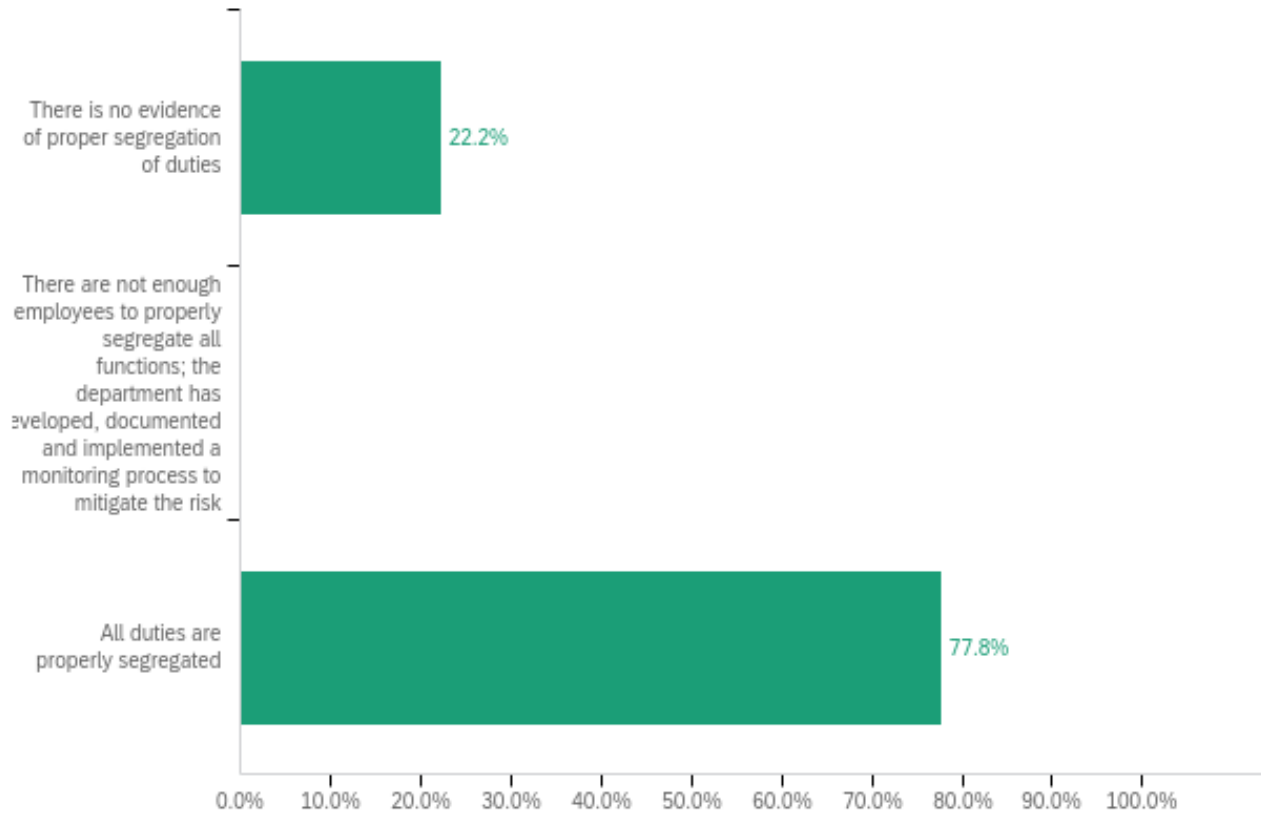
Answer	%	Count
There is no evidence of proper segregation of duties	22.2%	2
There are not enough employees to properly segregate all functions; the department has developed, documented and implemented a monitoring process to mitigate the risk	0.0%	0
All duties are properly segregated	77.8%	7
Total	100%	9

RECORDS MANAGEMENT – SAFEGUARDING OF PERSONAL IDENTIABLE INFORMATION (PII)

PII1. Does the department have systems and applications in place to store Personally Identifiable Information (PII)?
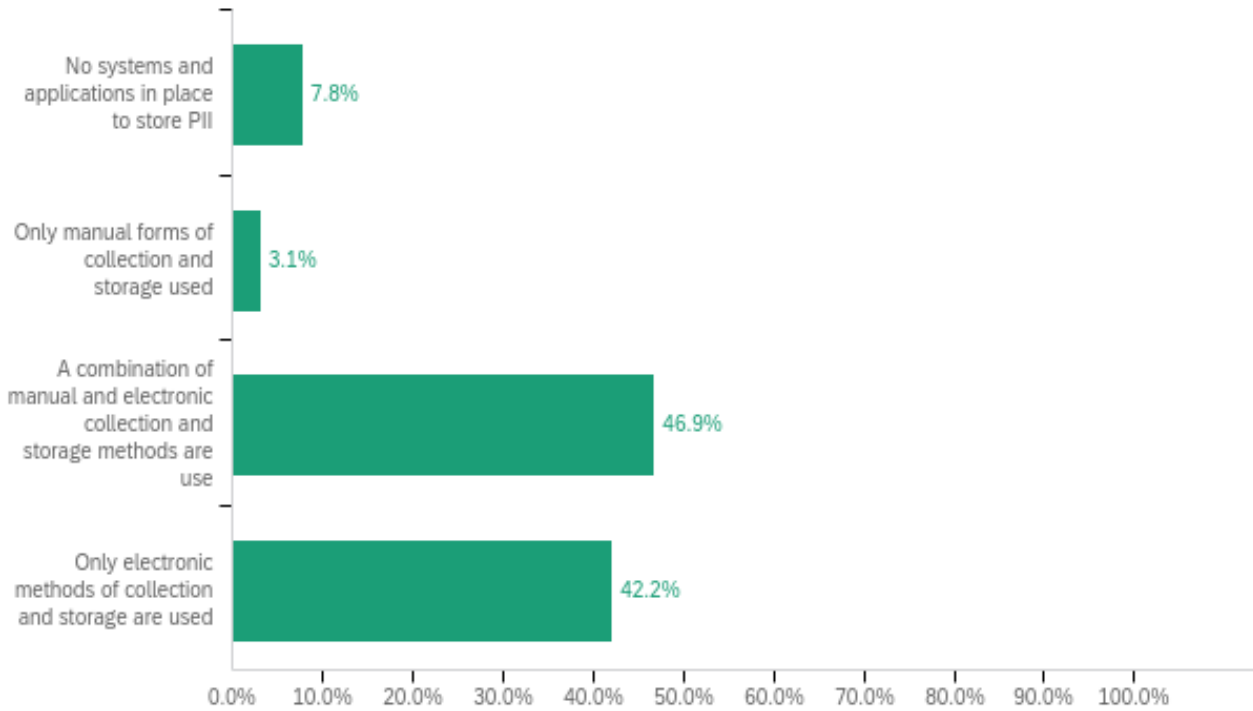
Answer	%	Count
No systems and applications in place to store PII	7.8%	5
Only manual forms of collection and storage used	3.1%	2
A combination of manual and electronic collection and storage methods are use	46.9%	30
Only electronic methods of collection and storage are used	42.2%	27
Total	100%	64

PII2. Does the department have documented policies, procedures and a data/records file plan in place that address the safeguarding of PII?
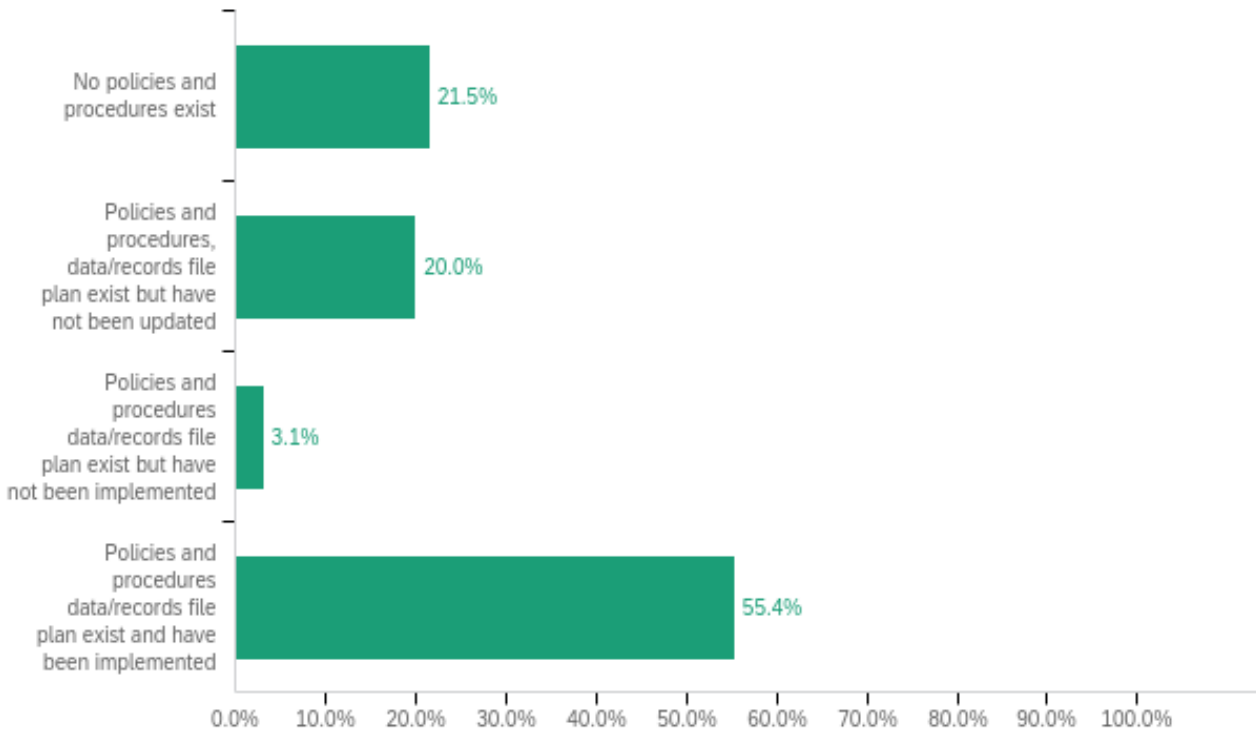
Answer	%	Count
No policies and procedures exist	21.5%	14
Policies and procedures, data/records file plan exist but have not been updated	20.0%	13
Policies and procedures data/records file plan exist but have not been implemented	3.1%	2
Policies and procedures data/records file plan exist and have been implemented	55.4%	36
Total	100%	65

PII3. Has the department attended PCC's records and information management general training within the past 2 years?

Note: After the training is completed a better understanding of PII concepts will include such items as the definition of PII; applicable privacy laws, regulations and policies; and repercussions for the misuse of PII?
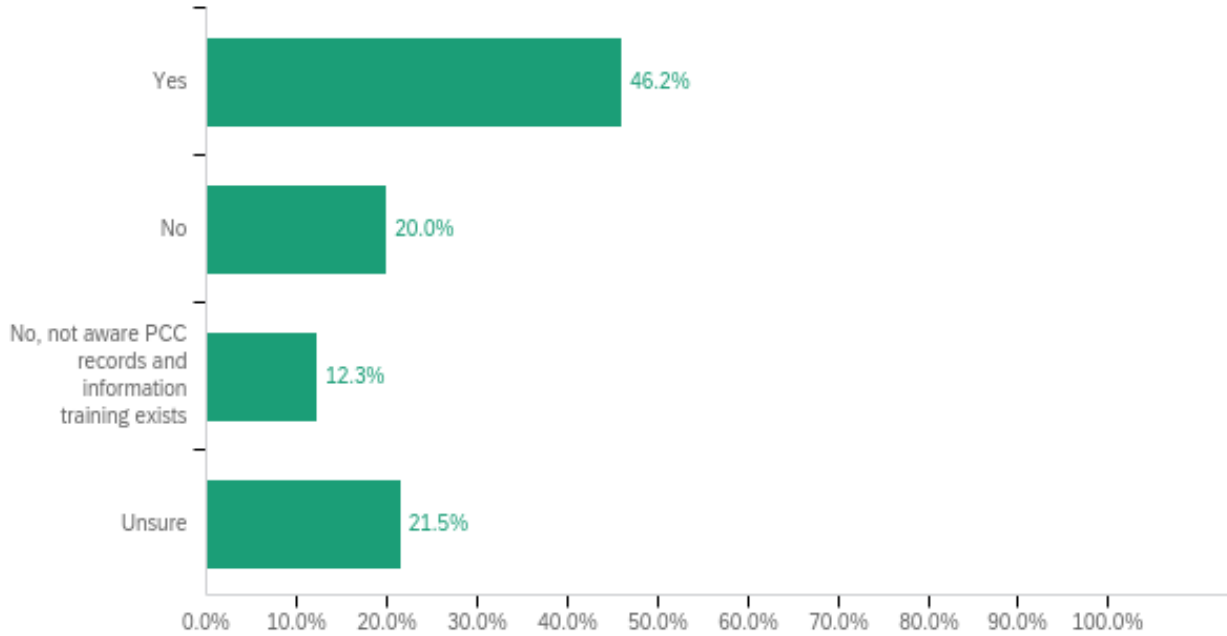
Answer	%	Count
Yes	46.2%	30
No	20.0%	13
No, not aware PCC records and information training exists	12.3%	8
Unsure	21.5%	14
Total	100%	65

DEPARTMENTAL CHANGES (DC) & GENERAL (G)

DC1. In the last 3 years, has there been significant employee and management turnover in your department?
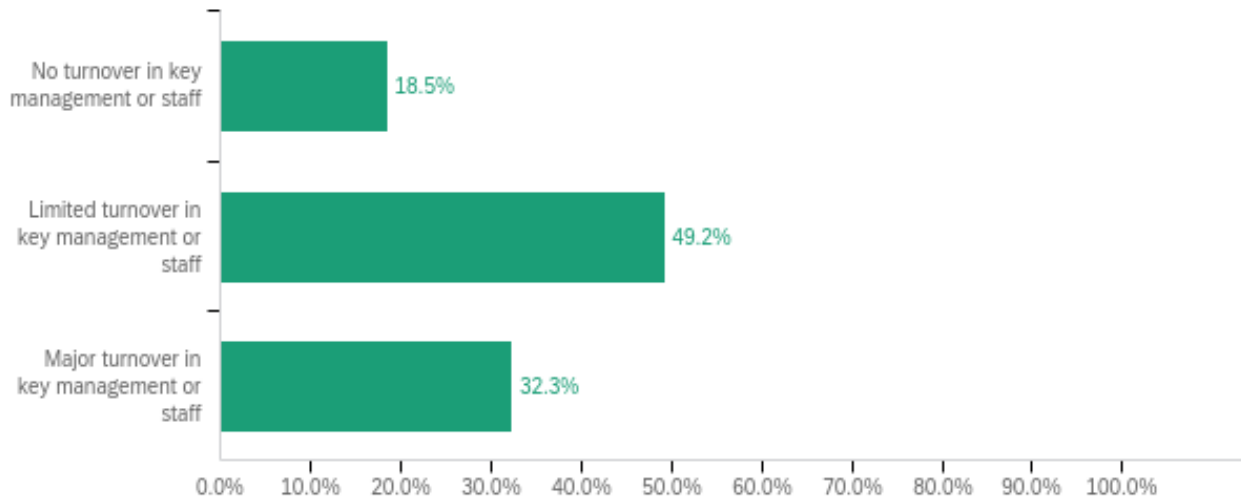
Answer	%	Count
No turnover in key management or staff	18.5%	12
Limited turnover in key management or staff	49.2%	32
Major turnover in key management or staff	32.3%	21
Total	100%	65

DC2. Have there been significant changes in staff size, funding, functions, systems, key positions and/or responsibilities of the department that might create problems?
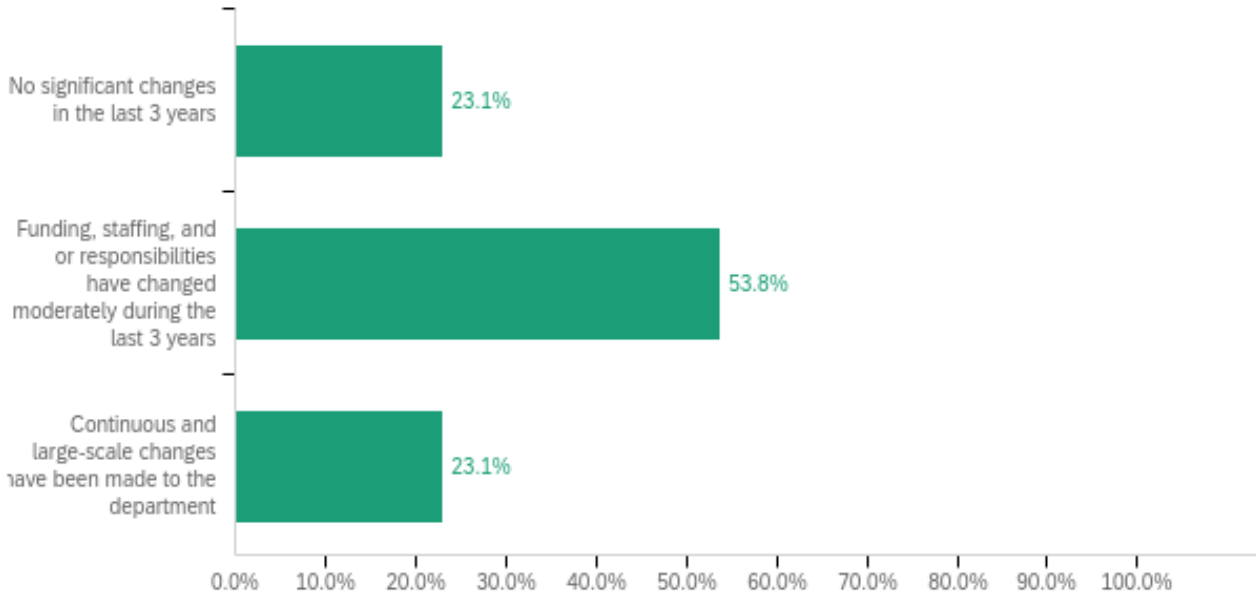
Answer	%	Count
No significant changes in the last 3 years	23.1%	15
Funding, staffing, and or responsibilities have changed moderately during the last 3 years	53.8%	35
Continuous and large-scale changes have been made to the department	23.1%	15
Total	100%	65

DC3. What level of impact does Information Technology (IT) have on your department?
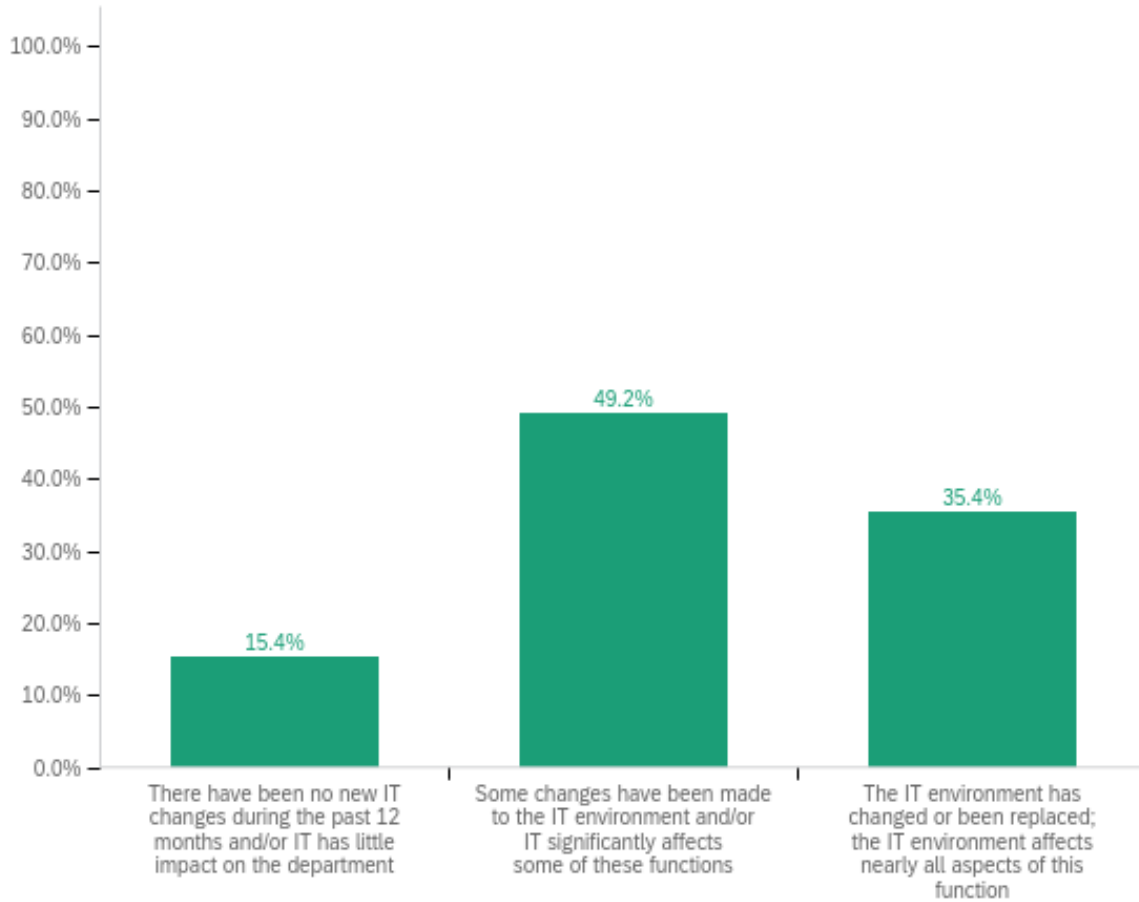
Answer	%	Count
There have been no new IT changes during the past 12 months and/or IT has little impact on the department	15.4%	10
Some changes have been made to the IT environment and/or IT significantly affects some of these functions	49.2%	32
The IT environment has changed or been replaced; the IT environment affects nearly all aspects of this function	35.4%	23
Total	100%	65

G. Please rate how much the COVID-19 pandemic impacted your department/area:*
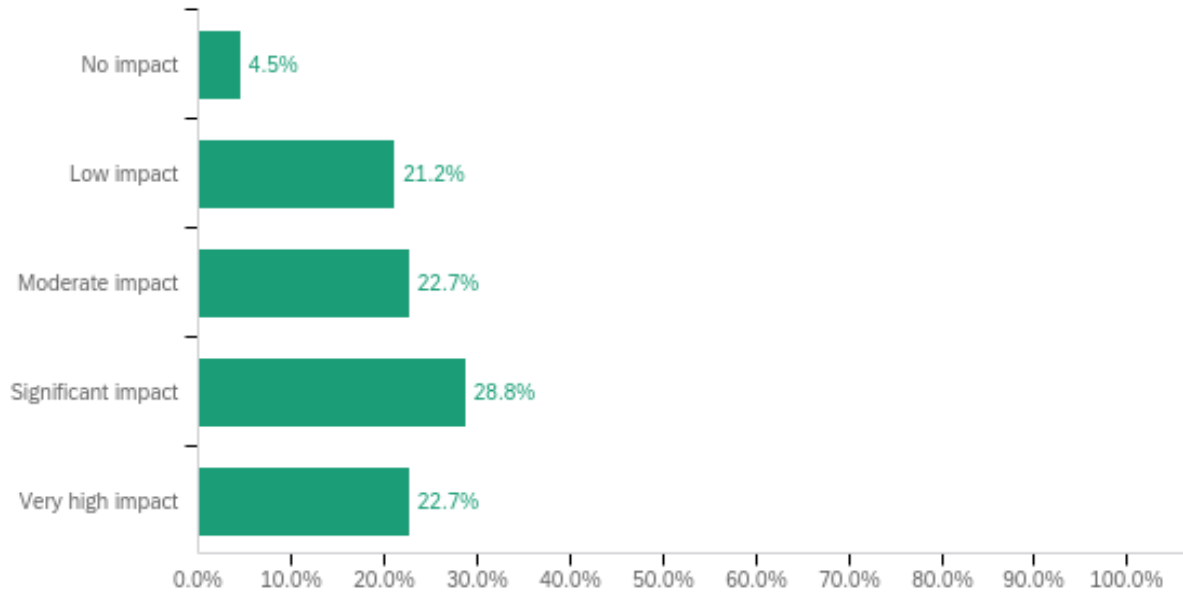
Answer	%	Count
No impact	4.5%	3
Low impact	21.2%	14
Moderate impact	22.7%	15
Significant impact	28.8%	19
Very high impact	22.7%	15
Total	100%	66

***Examples of department/area changes made due to COVID-19 pandemic impact includes: work in fully remote capacity; move all curriculum and courses to online or virtual; extensive shift to delivery of virtual services; change in processes/ procedures;   etc.

PUBLIC INTEREST (PI)

PI1. To what extent does your department interact with the external public?
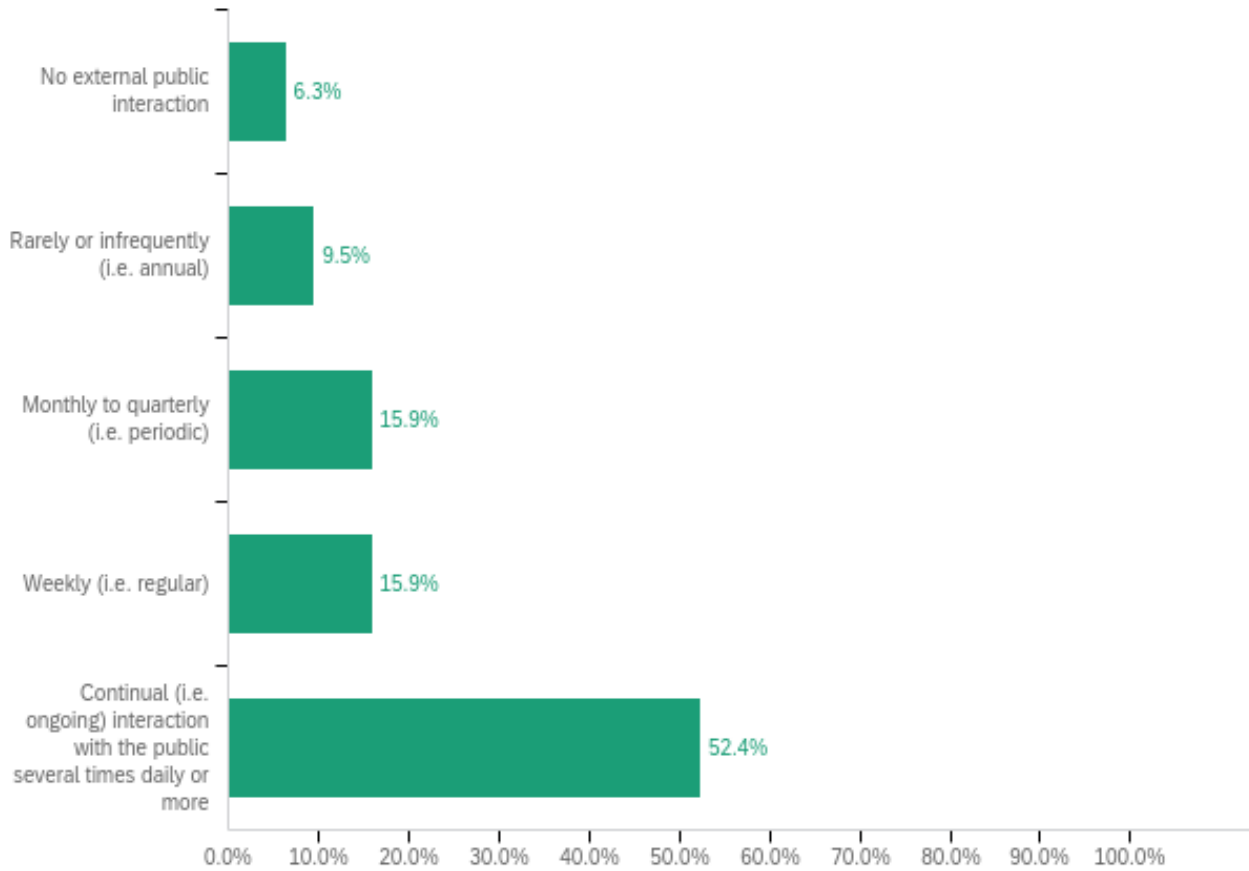
Answer	%	Count
No external public interaction	6.3%	4
Rarely or infrequently (i.e. annual)	9.5%	6
Monthly to quarterly (i.e. periodic)	15.9%	10
Weekly (i.e. regular)	15.9%	10
Continual (i.e. ongoing) interaction with the public several times daily or more	52.4%	33
Total	100%	63

PI2. To what extent does your department support internal operations including those considered critical to achieving the objectives of other department's mission/goals?

Note: What is the level of support and role your department plays in helping other departments achieve their overall mission.
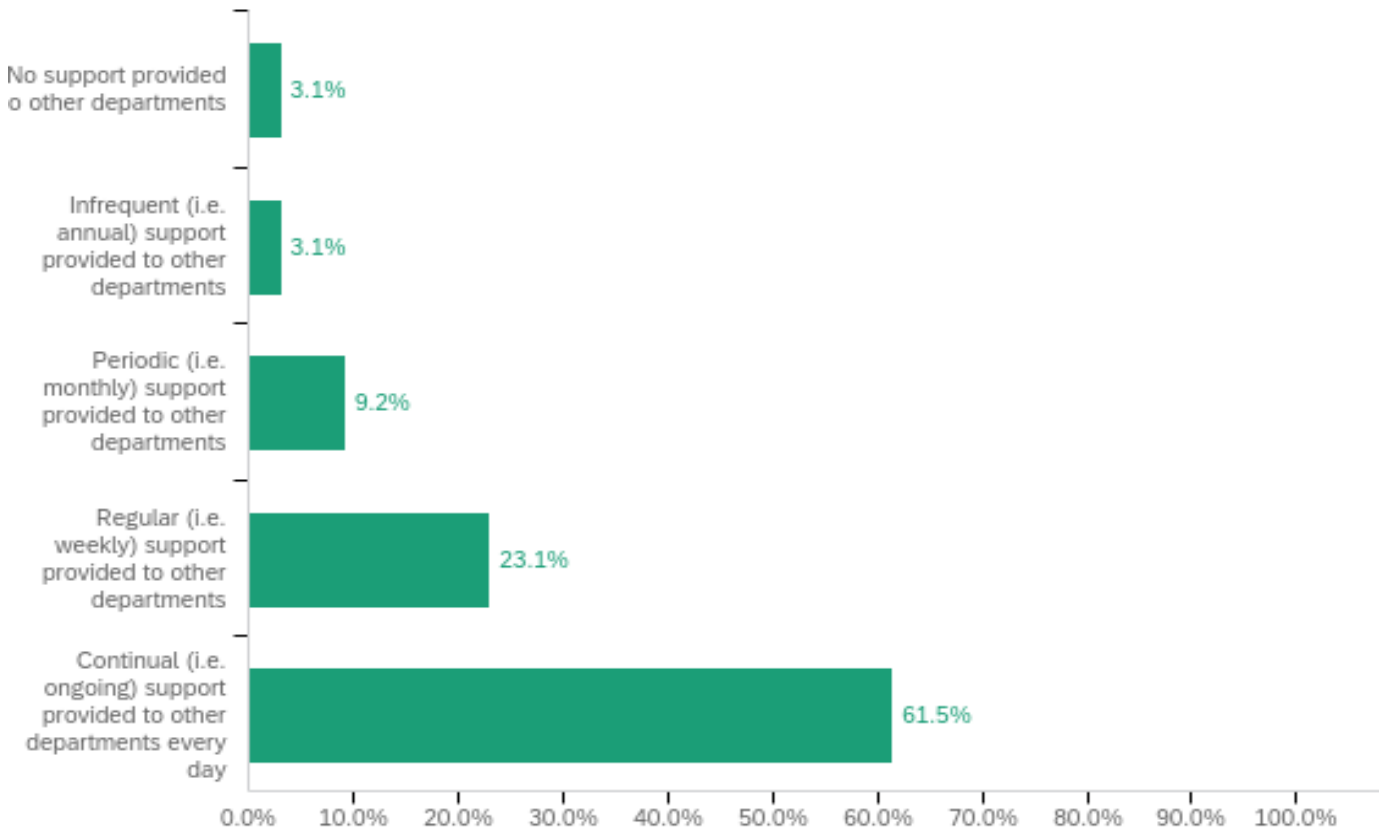
Answer	%	Count
No support provided to other departments	3.1%	2
Infrequent (i.e. annual) support provided to other departments	3.1%	2
Periodic (i.e. monthly) support provided to other departments	9.2%	6
Regular (i.e. weekly) support provided to other departments	23.1%	15
Continual (i.e. ongoing) support provided to other departments every day	61.5%	40
Total	100%	65

PI3. To what extent would failure to achieve your department's mission or goals impact its public image?

Note: Assess how the department's public visibility, public interest, and media interest in the department's activities would lead to loss of public image if the department did not perform its mission or goals. This could also be called the newspaper test – how much negative press or public disapproval would a failure cause?
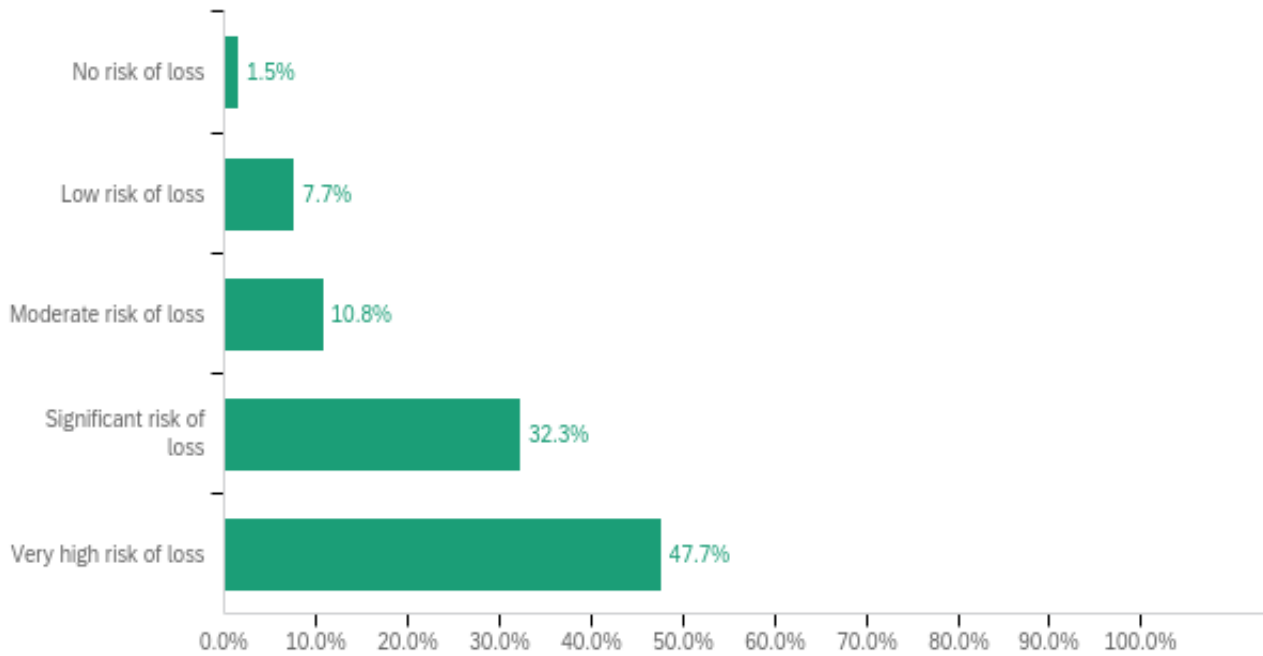
Answer	%	Count
No risk of loss	1.5%	1
Low risk of loss	7.7%	5
Moderate risk of loss	10.8%	7
Significant risk of loss	32.3%	21
Very high risk of loss	47.7%	31
Total	100%	65

XI: Appendix B.   RISK RESEARCH

Internal Audit research and activities considered in the Risk Assessment and Engagement Plan Report included the following:

- Review of the Pima Community College 2021 to 2025 Strategic Plan

- Review of Pima Community College Student Enrollment Report for Fiscal Year 2020-21

- Review of Pima Community College Spring & Fall 2021 Enrollment and Student Characteristics Report

- Review of previous Internal Audit Reports

- Review of State of Arizona, Office of the Auditor General Audit Reports, Pima Community College

- Protiviti Executive Perspectives on Top Risks for 2022

- The State of Higher Education in 2020 – Grant Thornton Ninth Annual Report

- NAVEX Global 2021 The Definitive Risk & Compliance Benchmark Report

- PCC Core Themes from the Mission Fulfillment Framework

- Association of College and University Auditors (ACUA) Top Risks

- BakerTilly-Top 5 Post Pandemic Risks in Higher Education

- EDUCAUSE Review-Top IT Issues, 2022: The Higher Education We Deserve-November 1, 2021

- Education Dynamics-Marketing and Enrolment Management and Student Engagement Benchmarks 2022

- WILEY – The Top Challenges Facing U.S. Higher Education Challenges 2021

- Deloitte – Significant Risks Facing Higher Education

XII.   Appendix C: Pima Community College (PCC) Core Themes and Objectives

PCC's Core Themes from the Mission Fulfillment Framework

Pima Community College Core Themes and Objectives

The risk areas identified impact the College's ability to meet its core themes and objectives if not adequately addressed. The Core Themes and Objectives for the College are listed below:

Student Success
- Support and increase student goal achievement
- Support student progress toward goals
- Enhance course, program and general education assessment to improve learning

Student Access
- Provide educational pathways and resources that meet student and community needs
- Increase enrollment across the College

Teaching and Program Excellence
- Provide excellent teaching that utilizes best practices to support student success

- Offer relevant and quality programs that provide positive contributions to the economy of the region

Student Services
- Provide quality and appropriate student support services at the campuses
- Provide student-centered admissions and financial aid processes that support student success

Community Engagement
- Promote initiatives that provide opportunities for the development of our students and community
- Engage with national, state and local authorities on initiatives that support the mission of the College
- Develop and enhance partnerships that identify and respond to the educational needs of the community
- Engage with industry and increase the skilled workforce within Pima County

Diversity, Inclusion and Global Education
- Expand and support the diversity of the College's student population
- Close the achievement gap
- Expand and support the diversity of the College's workforce
- Develop and increase the student population through global education

Institutional Effectiveness
- Ensure effective and ethical use of the College's financial resources, technology and infrastructure
- Enhance an evidence-based approach to decision-making that is based on continuous improvement processes

Enterprise Risk Management and Compliance Report
June 2022

Pima Community College's Enterprise Risk Management (ERM) framework is primarily ISO 31000 based, complemented by principles from the COSO standard.	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.

ERM Program Development Update

The ERM Workgroup held a two hour summit in May to work on tools and resources, and to identify relevant maturity models and the means by which each will be accomplished well. The following tools are tentatively complete, although we will revisit them occasionally to ensure we incorporate what we learn as we proceed.

- Strategy Guides: Strategic Plan and Chancellor's Goals Alignment, General Improvement Themes

- Risk Assessment Tools: Program and issue level, for both current and emerging risk

- Risk Evaluation Tools: Risk Appetite Statement, opportunity and consequence matrices, controls

- ERM Maturity Models: CGMA model (primary), United Educators model (supplementary)

The Workgroup evaluated five different maturity models and identified two as fitting PCC well and leading to measurable best practices. Both models are outcome based. The CGMA model is based upon work from NCSU's ERM Initiative, is the most robust, and is more objective in its evaluation. The United Educators model is a little more subjective and evaluates effectiveness in different areas along a continuum. They complement each other well. (NCSU has updated their work over the last ten years and the Workgroup will evaluate whether to switch to the newer model.)

Other models, including the OECD (taxing authority) and OMB (Federal Government) models, were evaluated along with a graduate research paper, each of which added perspective. Occasionally reviewing other maturity models can keep us on the leading edge and increase effectiveness.

NCSU's Advanced ERM Workshop provided additional insight for our program development. The Arizona Chapter of the Public Risk Management Association (AZ PRIMA) provided a stipend to make attendance possible. The Director will develop a mini-series on ERM and effective implementation for AZ PRIMA members.

Our Governing Board approved the transition of Board Policy 4.03 (attached) from traditional risk management to Enterprise Risk Management at its June 8th meeting. The ERM Workgroup will now:

- Develop a new Administrative Procedure 4.03.01 implementing BP 4.03

- Simplify the concepts, and identify communication and implementation baby steps

Our work remains consistent with our original planning timeline. Stakeholder discussions will start during the summer and continue into the fall as faculty return.

The vacant risk management position reclassification request is being reviewed by Human Resources.

Operational/Insurance Risk Update

Our primary insurance program (group self-insurance through The Trust) renews with the Fiscal Year. We will use STAR as our consistent source for FTSE, a primary underwriting and cost allocation basis, in the future. Our premium reduction is primarily due to a lower actual FTSE. The following information remains preliminary until The Trust sends the final PAF (Proposal Acceptance Form).

The Trust:

Coverage	Rate	Underwriting Basis	Premium Difference
General Liability	↑ 2.8%	Restated ADM/FTSE	↓ 43%
Admin Practices Liability	↑ 2.8%	Restated ADM/FTSE	↓ 48%
Auto Liability	→ Flat	Vehicle Count	↑ 4%
Auto Physical Damage	↑ 1.6%	Vehicle Count	↑ 5%
Property Course of Construction	↑ 0.6%	↑ 7%, plus new const Add Builders' Risk	↑ 12% New $22,617 Charge
Pandemic	↓ 25%	Restated ADM/FTSE	↓ 43%
Basic Cyber	New Charge	Total Insured Value	New $21,875 Charge

The College currently qualifies for a 5% Trust Loyalty Credit of our 2021-2022 contribution based upon our loss experience and participation in or completion of a series of loss prevention campaigns.

Workers' compensation coverage renews on 7/1. The difference in premium shown is based upon estimated payroll which is trued up to actual at audit following the end of the policy/fiscal year. Helping to reduce the premium is our excellent safety record that has seen even greater improvement. Our Experience Modification Rate (eMod) reduced from 0.62 to 0.52. (If we had average losses for our payroll and class codes, our eMod would be 1.0.)

Commercial fiduciary and cyber policies renew on 9/1 and 10/1, respectively, and we probably won't receive quotes until 30 days before renewal. The Cyber insurance marketplace is still heavily disrupted and the current renewal expectations could see noticeable change before renewal.

Commercial Insurance:

Coverage	Rate	Underwriting Basis	Premium Difference
Workers' Compensation	Varies	↓ 6% Est Straight Time Payroll	↓ 23% Estimated Payroll
Fiduciary	↑ 5-8%	NC	↑ 5-8%
Cyber	↑ 10%	NC	↑ 10%

Compliance Program Update

The *Society of Corporate Compliance and Ethics'* Compliance and Ethics Academy was an excellent program and provided concepts for redevelopment of PCC's program. Following a comprehensive exam, the Compliance Certification Board awarded the Director with the CCEP designation (Certified Compliance and Ethics Professional). We remain in a research and review phase.

ERM Planning Timeline

Steps	2022											2023											
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
NCSU Training	■																						
Strategy Maps		■	■																				
Risk Appetite Statement			■	■																			
Board Policy 4.03 Update			■	■	■																		
Risk Assessment Tools				■	■																		
Maturity Model Development				■	■																		
Simplify, Baby Steps, Ed Plan						■	■																
Stakeholder Discussion							■	■															
New Admin Proc 4.03.01 Dev							■	■	■														
Functional Exercise Planning								■	■														
Key Risk Identification Exercise								■	■														
RM Action Plan Development								■	■														
Framework Finalization									■	■													
Guidance Development									■	■	■												
Evaluate ERM Platform Options									■	■													
Develop hypotheticals												■											
Communication Strategy												■											
ELT/Deputy Interviews											■	■	■										
Gap Identification & Resolution												■	■										
Review Cycle Planning													■	■									
Communication/Engagement													■	■									
Risk Register Development Plan															■	■							
Risk Reporting Plan Development																■	■	■					
Strategic Planning Integration																		■	■				
Continuous Improvement Plan																			■	■	■		
Risk Assessment Model																				■	■		
Emerging Risk Review																						■	■

**PimaCountyCommunityCollegeDistrict
Board Policy**

Board Policy Title: **Enterprise Risk Management**

Board Policy Number: BP 4.03
Adoption Date: 11/21/79
Schedule for Review & Update: Every three years
Review Date(s):   11/1/95, 11/10/09, 10/6/14, 9/13/18, 4/11/22

Revision Date(s):   10/6/14, 9/13/18, 4/11/22
Sponsoring Unit/Department: Finance and Administration
Motion Number: 1943
Legal Reference:
Cross Reference:

The Pima County Community College District ("College") recognizes it is subject to a number of Risks including strategic, operational, financial, compliance, and reputational Risks, and is committed to implementing and utilizing an Enterprise Risk Management (ERM) Program for identifying, assessing, and managing Risks and opportunities to promote the achievement of the College's goals and objectives. The ERM Program should be a formal and continuous process involving all programmatic and functional areas of the College. shall develop and implement a risk management program, the purpose of which shall be to minimize long-term costs of funding risks through the following:

   1. Risk Avoidance;
   2. Risk assumption;
   3. Risk Reduction through safety and loss control activities;
   4. Risk Transfer.

The program shall be conducted without unduly inhibiting the necessary activities and functions of the College.

The purpose of this policy is to articulate the College's approach to Risk Management as part of its strategic and operational processes, and define governance and accountability for ERM at the College.

Definitions:

The College applies internationally accepted Risk Management definitions from ISO Guide 31000:2018, as amended from time to time. Key definitions for the purpose of this policy include:

- **Risk** means the effect of uncertainty on the College's objectives. An effect is a deviation from the expected, and can be positive and/or negative.

- **Risk Appetite** is the College's approach to assess and eventually pursue, retain, take or turn away from Risk.

- **Risk Management** is the coordinated activities to direct and control the College with regard to the Risks affecting the realization of objectives.

- **Risk Management Framework** is the set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the College.

Policy:

The College will establish and maintain an ERM program. ERM will be systematic, timely, economical, and integrated into all organizational processes, including strategic planning.

ERM will support the achievement of the College's strategic, operational, and financial objectives by helping decision-makers make informed choices, prioritize actions, and distinguish among alternative courses of action.

The College will primarily use the ISO 31000:2018 Risk Management - Guidelines model, as amended from time to time, in developing and maintaining its Risk Management Framework.

The College recognizes that the management of Risk does not mean the College will eliminate all Risks. Rather, establishing and maintaining a comprehensive

ERM program will ensure that Risk is identified and managed within the College's Risk Appetite.

Responsibilities:

Management of Risk at the College involves the Governing Board (Board) and the Office of the Chancellor (Chancellor) as follows:

The Board, through its Finance and Audit Committee, is responsible for providing oversight of the College's ERM program.

The Chancellor shall designate a position to have overall day-to-day responsibility for the establishment, implementation, monitoring, and communication of ERM processes and activities in accordance with the principles of ISO 31000:2018, including:

- Applying ERM with the College's strategic objective setting activities; and
- Communicating at least biannually to the Finance and Audit Committee the College's overall Risk profile, critical Risks and associated strategies, and progress of the ERM program.

PimaCountyCommunityCollegeDistrict

**Governing Board's Finance and Audit Committee
Annual Calendar of Meetings &
Locations for Fiscal Year 2022-2023
9:00 a.m.***

August 26, 2022   <u>Regular Meeting</u>
PCC - District Office
Building D/Room D-225
4905 East Broadway
Tucson, AZ 85709-1010

October 21, 2022   <u>Regular Meetings</u>
PCC - District Office
Building D/Room D-225
4905 East Broadway
Tucson, AZ 85709-1010

December 9, 2022   <u>Regular Meeting and Winter Jubilee</u>
PCC - District Office
Building D/Room D-225
4905 East Broadway
Tucson, AZ 85709-1010

February 17, 2023   <u>Regular Meeting</u>
PCC - District Office
Building D/Room D-225
4905 East Broadway
Tucson, AZ 85709-1010

April 21, 2023   <u>Regular Meeting</u>
PCC - District Office
Building D/Room D-225
4905 East Broadway
Tucson, AZ 85709-1010

June 16, 2023   <u>Regular Meeting</u>
PCC - District Office
Building D/Room D-225
4905 East Broadway
Tucson, AZ 85709-1010

<u>Special Meetings</u> will be held as necessary.

*The Committee may utilize virtual meeting options via Zoom Webinar.

Revenue Bond Projects - Inception to Date

FY=22 Period=14

FUND	FUND_DESC	Revenues	Personnel	Other Expenditures	Transfers	Fund Balance
581999	Rev Bonds Control Fund	67,843,572	0	(443,102)	(42,827,095)	24,573,375
5R8000	**RVB PROJ - Control**	**67,843,572**	**0**	**(443,102)**	**(42,827,095)**	**24,573,375**
581001	RVB Proj -Advanced Mfg.New Bldg	0	0	(28,705,723)	19,862,135	(8,843,587)
5R8001	**RVB PROJ - Applied Tech- Building**	**0**	**0**	**(28,705,723)**	**19,862,135**	**(8,843,587)**
581003	RVB Proj - Transportation New Bldg	0	0	(13,517,112)	13,535,034	17,921
5R8002	**RVB PROJ - AppTech COE AE WFD SS**	**0**	**0**	**(13,517,112)**	**13,535,034**	**17,921**
581005	RVB Proj - ST Bldg Renovations	0	0	(91,297)	94,016	2,720
5R8003	**RVB PROJ - AppTech Weld,Mach,Engr,M**	**0**	**0**	**(91,297)**	**94,016**	**2,720**
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	(409,733)	366,567	(43,166)
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**	**(5,475,077)**	**5,431,911**	**(43,166)**
581013	RVB Proj -PSI ESI	0	0	(63,074)	49,277	(13,797)
5R8007	**RVB PROJ -PSEI EMSI**	**0**	**0**	**(63,074)**	**49,277**	**(13,797)**
581015	RVB Proj -Science Labs	0	0	(6,452,145)	3,327,033	(3,125,112)
5R8008	**RVB PROJ -Science Labs**	**0**	**0**	**(6,452,145)**	**3,327,033**	**(3,125,112)**
581017	RVB Proj -Allied Health COE	0	0	(20,032)	20,032	0
5R8009	**RVB PROJ -Allied Health COE**	**0**	**0**	**(20,032)**	**20,032**	**0**
581019	RVB Proj -EC Bookstore/Food Svc	0	0	(49,443)	49,443	0
5R8010	**RVB PROJ -EC Bookstore/Food Svc**	**0**	**0**	**(49,443)**	**49,443**	**0**
581021	RVB Proj -DC Bookstore/Food Svc	0	0	(446,916)	446,916	0
5R8011	**RVB PROJ -DC Bookstore/Food Svc**	**0**	**0**	**(446,916)**	**446,916**	**0**
581023	RVB Proj -NW Bookstore/Food Svc	0	0	(3,642)	3,642	0
5R8012	**RVB PROJ -NW Bookstore/Food Svc**	**0**	**0**	**(3,642)**	**3,642**	**0**
581025	RVB Proj -WC Campus Store	0	0	0	0	0
5R8013	**RVB PROJ -WC Bookstore/Food Svc**	**0**	**0**	**0**	**0**	**0**
581027	RVB Proj -DV Cafe	0	0	0	0	0
5R8014	**RVB PROJ -DV Bookstore/Food Svc**	**0**	**0**	**0**	**0**	**0**

PimaCommunityCollege

Revenue Bond Projects - Inception to Date

FY=22 Period=14

FUND	FUND_DESC	Revenues	Personnel	Other Expenditures	Transfers	Fund Balance
500005	"Revenue Bonds" Revenue	0	0	0	0	0
5RVBND	**Revenue Bond Funded Projects**	**0**	**0**	**0**	**0**	**0**
		67,843,572	**0**	**(55,269,349)**	**(5,870)**	**12,568,354**

Pima Community College - Public Hearing
Truth in Taxation - Notice of Tax Increase
Adoption of FY 2023 Proposed Budget

June 8, 2022

Presented by: Dr. David Bea

PimaCommunityCollege

Truth in Taxation Notice of Tax Increase

PimaCommunityCollege

Truth in Taxation – Notice of Tax Increase

TRUTH IN TAXATION HEARING

NOTICE OF TAX INCREASE

In compliance with section 15-1461.01, Arizona Revised Statutes, Pima County Community College District is notifying its property taxpayers of Pima County Community College District's intention to raise its primary property taxes over last year's level. The Pima County Community College District is proposing an increase in primary property taxes of $4,935,358 or 4.0%.

For example, the proposed tax increase will cause Pima County Community College District's primary property taxes on a $100,000 home to be $128.78 (total proposed taxes including the tax increase). Without the proposed tax increase, the total taxes that would be owed on a $100,000 home would have been $123.83.

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

A public hearing on the tax increase is scheduled for Wednesday, June 8, 2022 5:00 p.m. at the District Office of Pima Community College, 4905 E. Broadway, Tucson, Arizona 85709-1005. The hearing can be watched through www.youtube.com/PCCTVSTREAM and the registration link for public comment closes one day earlier at 5 p.m. https://pima.zoom.us/webinar/register/WN_mCce_2JZRzuTQRifIuD_2g

PimaCommunityCollege
520.206.4500 | pima.edu

Published on May 24, 2022, and May 31, 2022, Arizona Daily Star

Primary Property Tax Levy Detail - Proposed

	FY 2022 Levy Neutral	FY 2023 Levy Neutral	FY 2023 4% (Proposed)
Net Taxable Value Current Year ($100s)	$96,961,000	$101,326,000	$101,326,000
Overall Change in Valuation	1.11%	1.63%	1.63%
Estimated Primary Tax Rate Authorization (per $100 net assessed valuation)	1.2733	1.2383	1.2878
Primary Tax Levy	$123,461,082	$125,472,288	$130,487,937
Change from Previous Fiscal Year		$2,011,206	$7,026,855

PimaCommunityCollege

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Proposed AZ Community Colleges Property Tax Rates FY 2023
(Rates per $100 net assessed valuation)

Legend: ■ Primary Tax Rate ■ Secondary Tax Rate   *FY 2022 Rate

College	Rate
Eastern	2.7131
Cochise	2.4297
Western	2.4233
Central	2.0580
Northland	1.7505
Yavapai	1.5017
Pima	1.2878
Mohave*	1.1898
Maricopa	1.1894
Coconino	0.5209

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Keep striving.
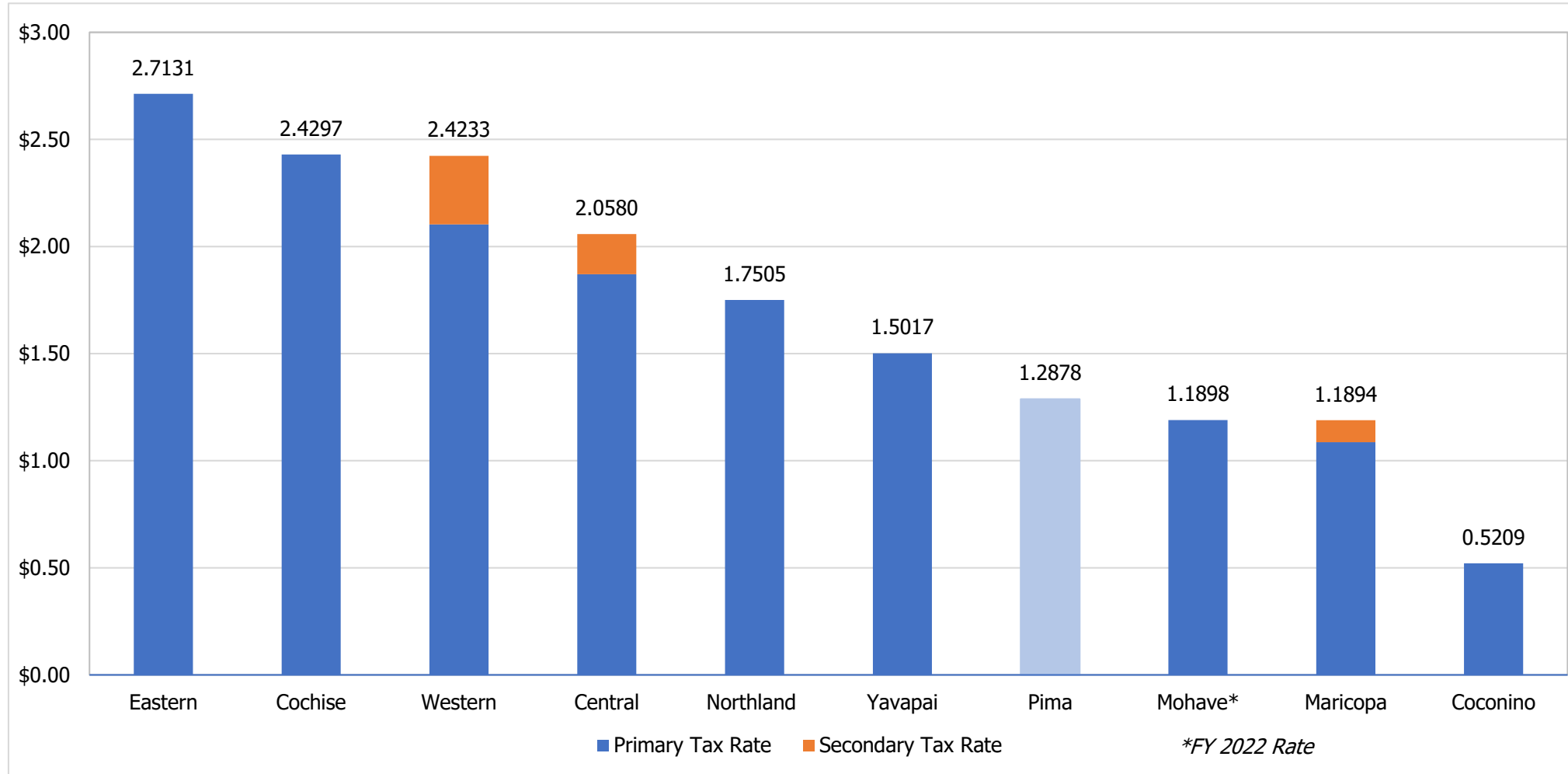
PCC Primary, Secondary & Combined Property Tax Rates
(Fiscal Years 2009-2023 Proposed)
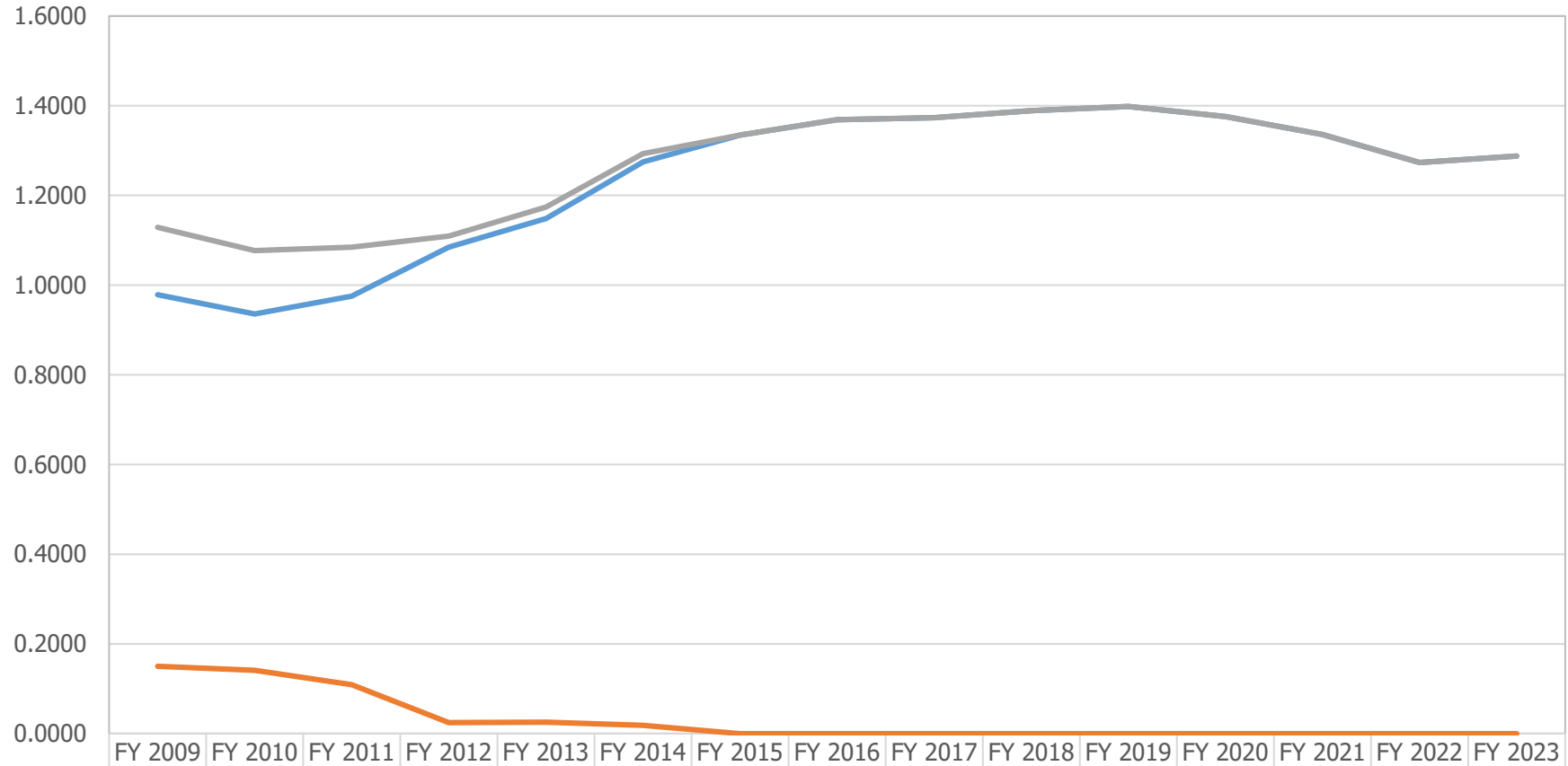
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Primary Property Tax Rate	0.9787	0.9356	0.9755	1.0846	1.1484	1.2746	1.3344	1.3689	1.3733	1.3890	1.3983	1.3758	1.3359	1.2733	1.2878
Secondary Property Tax Rate	0.1502	0.1414	0.1093	0.0248	0.0257	0.0187	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Combined Primary + Secondary Tax Rates	1.1289	1.0770	1.0848	1.1094	1.1741	1.2933	1.3344	1.3689	1.3733	1.3890	1.3983	1.3758	1.3359	1.2733	1.2878

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Questions?

PimaCommunityCollege

Adoption of Fiscal Year 2023 Proposed Budget

PimaCommunityCollege

Fiscal Year 2023 Budget Summary

- Establishes the maximum spending capacity for fiscal year 2023
  - Does not require all funds to be expended if fewer programs or services are needed
  - Allows for future reductions based on lower revenue projections

- Prioritizes employee compensation
  - Classification and compensation study
  - Adjunct faculty
  - Salary adjustments

- Includes capital outlay for Centers of Excellence and deferred maintenance

PimaCommunityCollege

Keep striving.
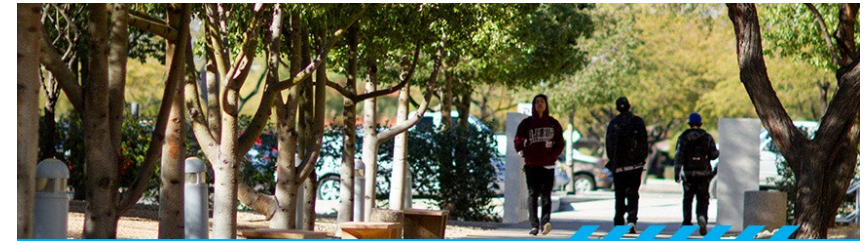
Projected Revenues

- Approved tuition and fees
  - $89.00 (+$2.00) per credit in-state resident rate
  - Permanently providing Success Support Courses at no cost for tuition and service fees
- Increase to property taxes
  - Growth of existing property, +$2.0M over FY 2022
  - 4% increase, +$5.0M
- State appropriations (STEM)
- Prop 207
- Federal grant funding
  - Decrease due to conclusion of Higher Education Emergency Relief Fund grants
  - Other new grant opportunities

PimaCommunityCollege

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Expenditure Priorities

- Salaries and Wages - Approximately $9.0M, including contingency reserve

- Capital and IT Infrastructure Commitments - $49.0M
  - Centers of Excellence
  - Deferred maintenance
  - EMP and FMP Updates

- Strategic Plan 2021-2025 and Chancellor's Goals

PimaCommunityCollege

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Budgeted Revenues Comparison – Adopted Fiscal Year 2022 vs. Proposed Fiscal Year 2023

FY2022, $410.8M

- Other Revenue $9.5 2%
- State Aid $3.5 1%
- College Equity $111.0 27%
- Property Tax Revenue $123.5 30%
- Tuition & Fees $44.7 11%
- Grants, Contracts, Financial Aid $118.6 29%

FY 2023 – Proposed, $363.4M

- Other Revenue $13.7 4%
- State Aid $7.8 2%
- College Equity $115.0 32%
- Property Tax Revenue $130.4 36%
- Tuition & Fees $41.8 11%
- Grants, Contracts, Financial Aid $54.7 15%

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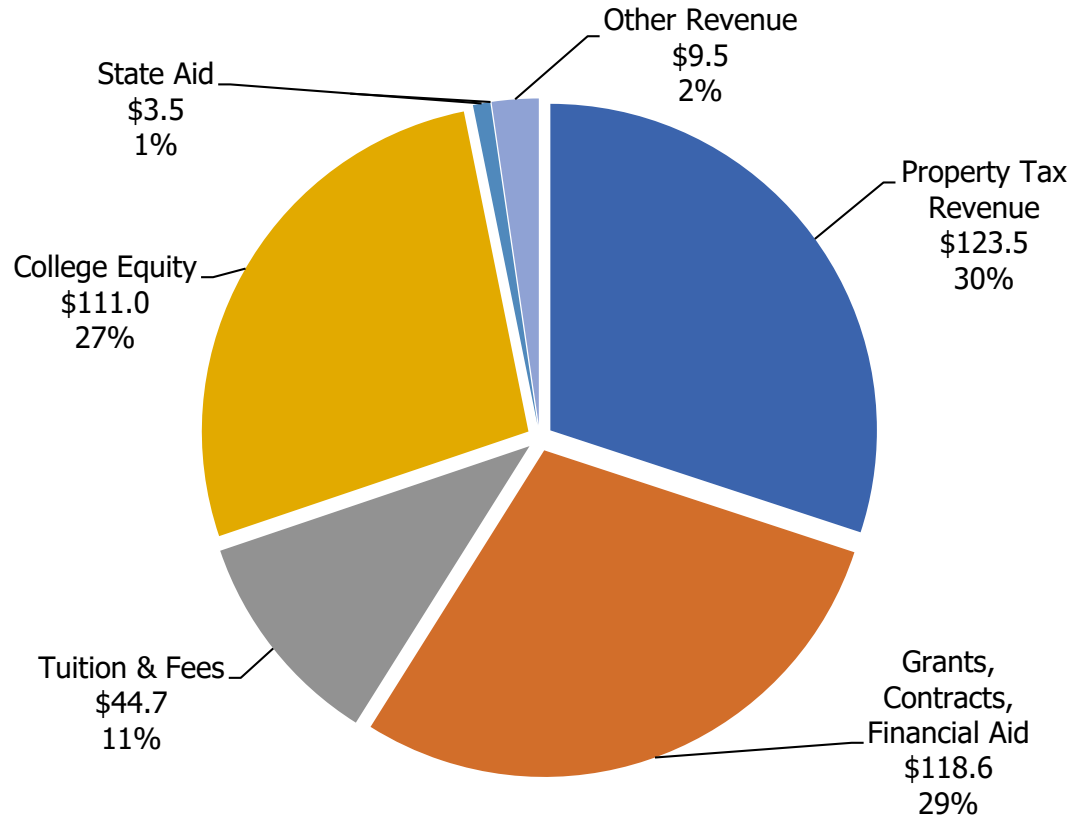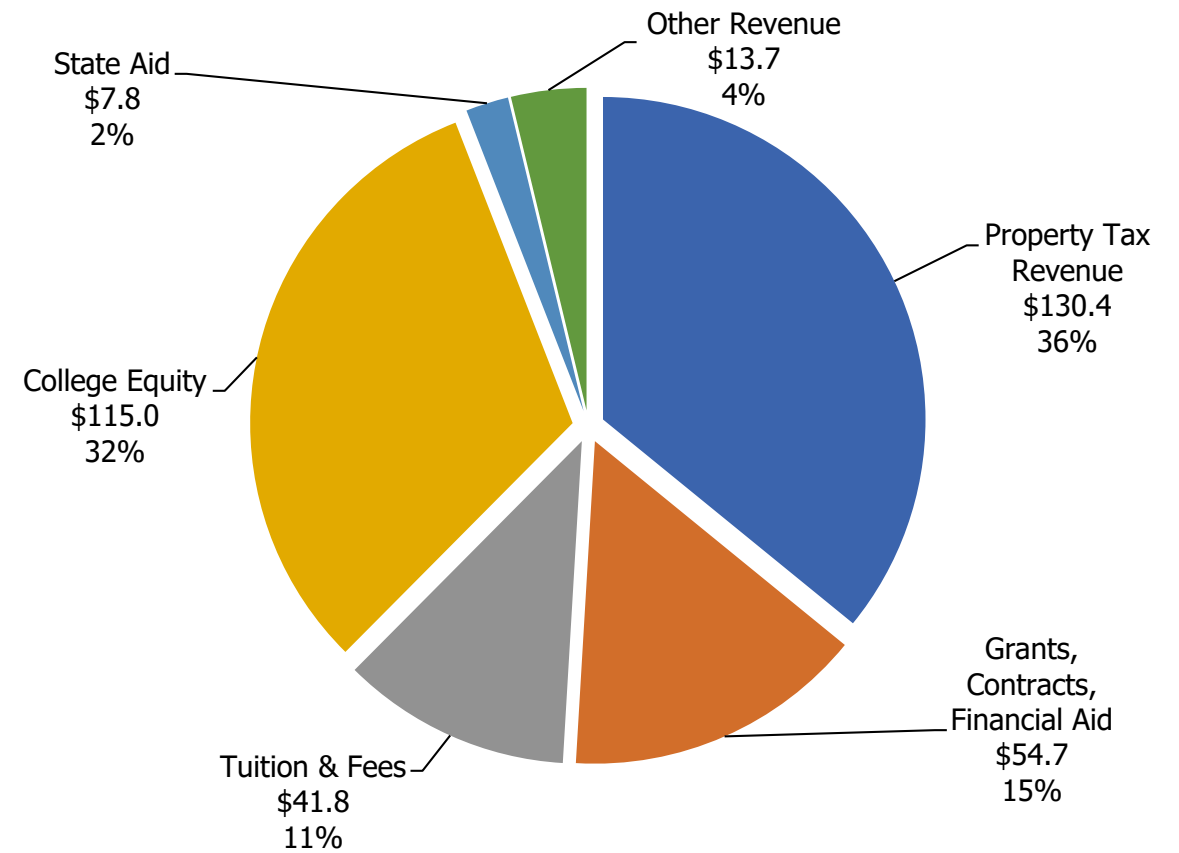
Budgeted Expenditures Comparison – Adopted FY 2022 & Proposed FY 2023
(All Funds, in $Millions)

FY 2022

FY 2023 - Proposed

FY 2022
- Administrative Personnel, $6.6, 2%
- Faculty, $18.6, 4%
- Additional Compensation-Faculty, $1.1, 0%
- Adjunct Faculty, $14.9, 4%
- Classified Staff, $56.5, 14%
- Other Compensation, $4.5, 1%
- Student Employment, $0.5, 0%
- Fringe Benefits, $34.2, 8%
- Operations, $119.9, 29%
- Capital, $118.3, 29%
- Reserves, $35.9, 9%

FY 2023 - Proposed
- Reserves, $26.4, 7%
- Administrative Personnel, $6.4, 2%
- Faculty, $18.5, 5%
- Additional Compensation-Faculty, $1.6, 1%
- Adjunct Faculty, $16.1, 4%
- Classified Staff, $60.5, 17%
- Other Compensation, $4.6, 1%
- Student Employment, $0.5, 0%
- Fringe Benefits, $34.0, 9%
- Operations, $88.8, 25%
- Capital, $106.0, 29%

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Questions?

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Thank you!

The Fiscal Year 2023 Budget would not be possible without Finance and Business Services Staff.

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Additional Information & Resources

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State Budget Form – Schedule A

PIMA COUNTY COMMUNITY COLLEGE DISTRICT BUDGET FOR FISCAL YEAR 2023
SUMMARY OF BUDGET DATA (Schedule A)

		Budget 2023	Budget 2022	Increase/Decrease From budget 2022 To budget 2023 Amount	%
I.	Current General and Plant Funds				
A.	Expenditures:				
	Current General Fund	$ 195,340,150	$ 187,965,000	$ 7,375,150	3.9%
	Unexpended Plant Fund	105,197,440	105,900,000	(702,560)	-0.7%
	Retirement of indebtedness Plant Fund	5,080,000	5,381,000	(301,000)	-5.6%
	Total	$ 305,617,590	$ 299,246,000	$ 6,371,590	2.1%
B.	Expenditures Per Full-Time Student Equivalent (FTSE):				
	Current General Fund	$ 13,931 /FTSE	$ 14,075 /FTSE	$ (144) /FTSE	-1.0%
	Unexpended Plant Fund	$ 7,502 /FTSE	$ 7,930 /FTSE	$ (428) /FTSE	-5.4%
	Projected FTSE count	14,022	13,355		
II.	Total all funds estimated personnel compensation				
	Employee salaries and hourly costs	$ 108,235,000	$ 102,672,000	$ 5,563,000	5.4%
	Retirement costs	13,928,000	11,233,000	2,695,000	24.0%
	Healthcare costs	10,716,000	12,690,000	(1,974,000)	-15.6%
	Other benefit costs	9,364,000	10,236,000	(872,000)	-8.5%
	Total	$ 142,243,000	$ 136,831,000	$ 5,412,000	4.0%
III.	Summary of primary and secondary property tax levies and rates				
A.	Amount levied:				
	Primary tax levy	$ 130,487,937	$ 123,461,082	$ 7,026,855	5.7%
	Property tax judgment	0	0	0	
	Secondary tax levy	0	0	0	
	Total levy	$ 130,487,937	$ 123,461,082	$ 7,026,855	5.7%
B.	Rates per $100 net assessed valuation:				
	Primary tax rate	1.2878	1.2733	0.0145	1.1%
	Property tax judgment			0.0000	
	Secondary tax rate			0.0000	
	Total rate	1.2878	1.2733	0.0145	1.1%
IV.	Maximum allowable primary property tax levy for fiscal year 2023 pursuant to A.R.S. §42-17051			$ 133,152,817	
V.	Amount received from primary property taxes in fiscal year 2022 in excess of the maximum allowable amount			$ 0	

On June 8, 2022 at 5:00 p.m., the Pima County Community College District has scheduled a public hearing on its proposed fiscal year 2022/23 budget. The special meeting to adopt the budget is scheduled at 5:15 p.m., or immediately following the public hearing. Included in the proposed budget are those funds supported by a property tax levy. Following the guidance of public health officials, the College continues to transition to more on-site activities and allows only restricted access during meetings for essential personnel. Accordingly, the Governing Board will continue to allow public participation through remote technology. The public is invited to follow the proceedings at PCCTV Youtube homepage [https://www.youtube.com/PCCTVSTREAM]. Members of the public are also invited to make comments during the Call to Audience via Zoom or telephone only. Written public comments may be submitted in advance by email at pccboardstaff@pima.edu. All public speakers must pre-register by the day before the meeting at https://pima.zoom.us/webinar/register/WN_mCce_2JZRzuTQRifluD_2g The registration deadline for online comments is 5:00 p.m. on June 7, 2022.

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State Budget Form – Schedule B

PIMA COUNTY COMMUNITY COLLEGE DISTRICT BUDGET FOR FISCAL YEAR 2023
RESOURCES (Schedule B)

	Current funds			Plant Fund				
	General Fund 2023	Restricted Fund 2023	Auxiliary Fund 2023	Unexpended Plant Fund 2023	Retirement of indebtedness 2023	Total all funds 2023	Total all funds 2022	% Increase/ Decrease
Beginning balances—July 1*								
Restricted	$	$ 29,620,000	$	$ 23,987,000	$ 1,229,000	$ 54,836,000	$ 57,755,000	-5.1%
Unrestricted	143,400,000		5,591,000	15,000,000		163,991,000	144,831,000	13.2%
Total beginning balances	$ 143,400,000	$ 29,620,000	$ 5,591,000	$ 38,987,000	$ 1,229,000	$ 218,827,000	$ 202,586,000	8.0%
Revenues and other inflows								
Student tuition and fees								
General tuition	$ 37,732,000	$	$	$	$	$ 37,732,000	$ 36,844,000	2.4%
Out-of-district tuition								
Out-of-State tuition	3,570,000					3,570,000	3,798,000	-6.0%
Student fees	3,751,000		1,000	1,000,000		4,752,000	8,558,000	-44.5%
Tuition and fee remissions or waivers	(4,252,000)					(4,252,000)	(4,492,000)	-5.3%
State appropriations								
Maintenance support		430,000				430,000	430,000	0.0%
Equalization aid								
STEM Workforce				1,776,000		1,776,000	400,000	344.0%
Rural Community College Aid								
Property taxes								
Primary tax levy	130,487,937					130,487,937	123,461,082	5.7%
Secondary tax levy								
Gifts, grants, and contracts	2,216,600	54,831,500				57,048,100	119,491,649	-52.3%
Sales and services	981,000		345,000			1,326,000	1,647,000	-19.5%
Investment income	3,500,000					3,500,000	3,501,000	0.0%
State shared sales tax (Prop 301)		2,400,000				2,400,000	2,400,000	0.0%
Smart and Safe Act (Prop 207)				5,572,000		5,572,000	2,700,000	106.4%
Other revenues	3,211,663	555,700	322,000			4,089,363	1,071,351	281.7%
Proceeds from sale of bonds								
Total Revenues and Other Inflows	$ 181,198,200	$ 58,217,200	$ 668,000	$ 8,348,000	$ 0	$ 248,431,400	$ 299,810,082	-17.1%
Transfers								
Transfers in	21,184,300	19,710		41,521,440	5,080,000	67,805,450	77,825,638	-12.9%
(Transfers out)	(65,405,450)	(2,400,000)				(67,805,450)	(77,825,638)	-12.9%
Total transfers	(44,221,150)	(2,380,290)		41,521,440	5,080,000	0	0	0.0%
Reduction for amounts reserved for future budget year expenditures:								
Maintained for future financial stability	(19,765,000)	(8,500,000)	(2,300,000)			(30,565,000)	(22,065,000)	38.5%
Maintained for future capital acquisitions/projects	(65,271,900)	(20,431,900)	(2,712,500)	16,341,000		(72,075,300)	(50,032,082)	44.1%
Maintained for future debt retirement					(1,229,000)	(1,229,000)	(1,441,000)	-14.7%
Maintained for grants or scholarships						0	(18,057,000)	-100.0%
Debt Service								
Total resources available for the budget year	$ 195,340,150	$ 56,525,010	$ 1,246,500	$ 105,197,440	$ 5,080,000	$ 363,389,100	$ 410,801,000	-11.5%

*These amounts exclude amounts not in spendable form (i.e., prepaids, inventories, and capital assets) or amounts legally or contractually required to be maintained intact.

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State Budget Form – Schedule C

PIMA COUNTY COMMUNITY COLLEGE DISTRICT BUDGET FOR FISCAL YEAR 2023
EXPENDITURES AND OTHER OUTFLOWS
(Schedule C)

| | Current funds | | | Plant Fund | | | | |
	General Fund 2023	Restricted Fund 2023	Auxiliary Fund 2023	Unexpended Plant Fund 2023	Retirement of indebtedness 2023	Total all funds 2023	Total all funds 2022	% Increase/ Decrease
Total resources available for the budget year (from Schedule B)	$ 195,340,150	$ 56,525,010	$ 1,246,500	$ 105,197,440	$ 5,080,000	$ 363,389,100	$ 410,801,000	-11.5%
Expenditures and other outflows								
Instruction	$ 59,138,867	$ 7,240,915	$	$	$	$ 66,379,782	$ 65,817,242	0.9%
Academic support	25,430,232	4,375,499				29,805,731	30,832,800	-3.3%
Student services	28,932,110	5,943,042				34,875,152	43,454,367	-19.7%
Institutional support (Administration)	51,497,079	257,130				51,754,209	48,925,755	5.8%
Operation and maintenance of plant	15,011,509	0				15,011,509	14,283,011	5.1%
Scholarships	1,528,326	31,539,522				33,067,848	55,836,000	-40.8%
Auxiliary enterprises			1,246,500			1,246,500	1,362,000	-8.5%
Capital assets				105,197,440		105,197,440	112,900,000	-6.8%
Debt service—general obligation bonds						0	0	0.0%
Debt service—other long term debt					5,080,000	5,080,000	5,381,000	-5.6%
Other expenditures						0	6,192,000	-100.0%
Property tax judgments						0	0	0.0%
Contingency	13,802,027	7,168,902				20,970,929	25,816,825	-18.8%
Total expenditures and other outflows	$ 195,340,150	$ 56,525,010	$ 1,246,500	$ 105,197,440	$ 5,080,000	$ 363,389,100	$ 410,801,000	-11.5%

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Classification & Compensation Recommendations and New Compensation Structure

Governing Board Meeting

June 8, 2022

Presented by: Dr. David Bea

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Purpose of Compensation Structures

To ensure employees are properly paid for the value they provide

- Recruit and retain talent – align pay to market
- Recognize the value from increased job experience
- Ensure fair and equitable pay

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Classification and 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 faculty load rate, leadership, etc.

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

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Why Conduct a Class/Comp Study?

Problems with Current Structure

- 22 Years Old
  - Positions and job duties have changed
  - Jobs/schedules not regularly adjusted to market
  - Salary inversion

- Resource Limitation Impacts
  - Low salary pool increases
  - Suspension of step progression
  - Salary compression
  - Limited recognition of College experience/value

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Distribution of Current Employees by Class and Step
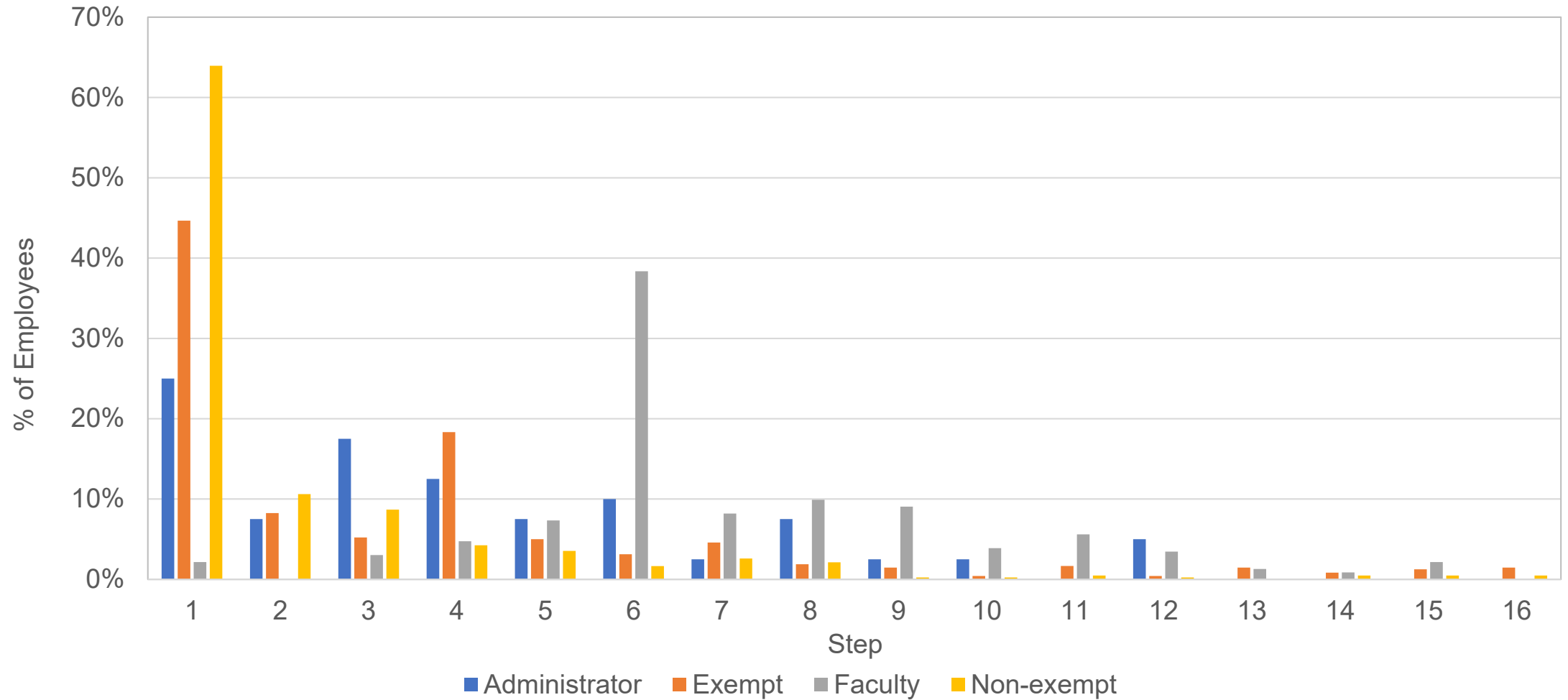
Engagement Summary

Discovery & Project Initiation	Faculty Market Assessment & Salary Ranges	Staff Job Structure Redesign	Staff Market Assessment	Salary Structure Design	Implementation Strategy
Request and review data/materials	Analyze market data	Review data/materials and develop PDQ	Gather and analyze survey data from pre-determined sources	Create market-informed salary structure/ranges that aligns with PCC's market strategy	Review current pay guidelines and recommend revisions
Form Two Steering Committees (Faculty and Staff)	Conduct variance analysis	Conduct training sessions on how to fill out PDQ and begin PDQ process	Review job descriptions for accuracy, relevancy, and strength	Assign jobs to the structure/ranges using market data, incorporate feedback, and finalize report	Implementation plan
Gather stakeholder input (interviews/focus groups)	Develop salary ranges	Identify job families, create role and level guidelines and develop standardized titles	Match benchmark jobs to survey descriptions and conduct assessment		Incorporate feedback as needed
Develop peer groups for market comparison	Review results with Faculty Steering Committee	Review PDQs and draft job descriptions	Draft, review, and finalize results	Conduct employee impact and costing analyses	Prepare and share samples of materials
Develop communications strategy and plan					
Q2-Q4 2020	Q1 2022	Q3 2020 - Q4 2021	Q3-Q4 2021	Q1 2022	Q1 2022

Legend:
- Work step complete
- Work step in progress
- Upcoming steps

Segal

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Building a New Structure

Discovery & Input → Defined Peers → Developed Job Descriptions → Conducted Market Analyses → Developed Salary Structure → Placed Employee Salaries

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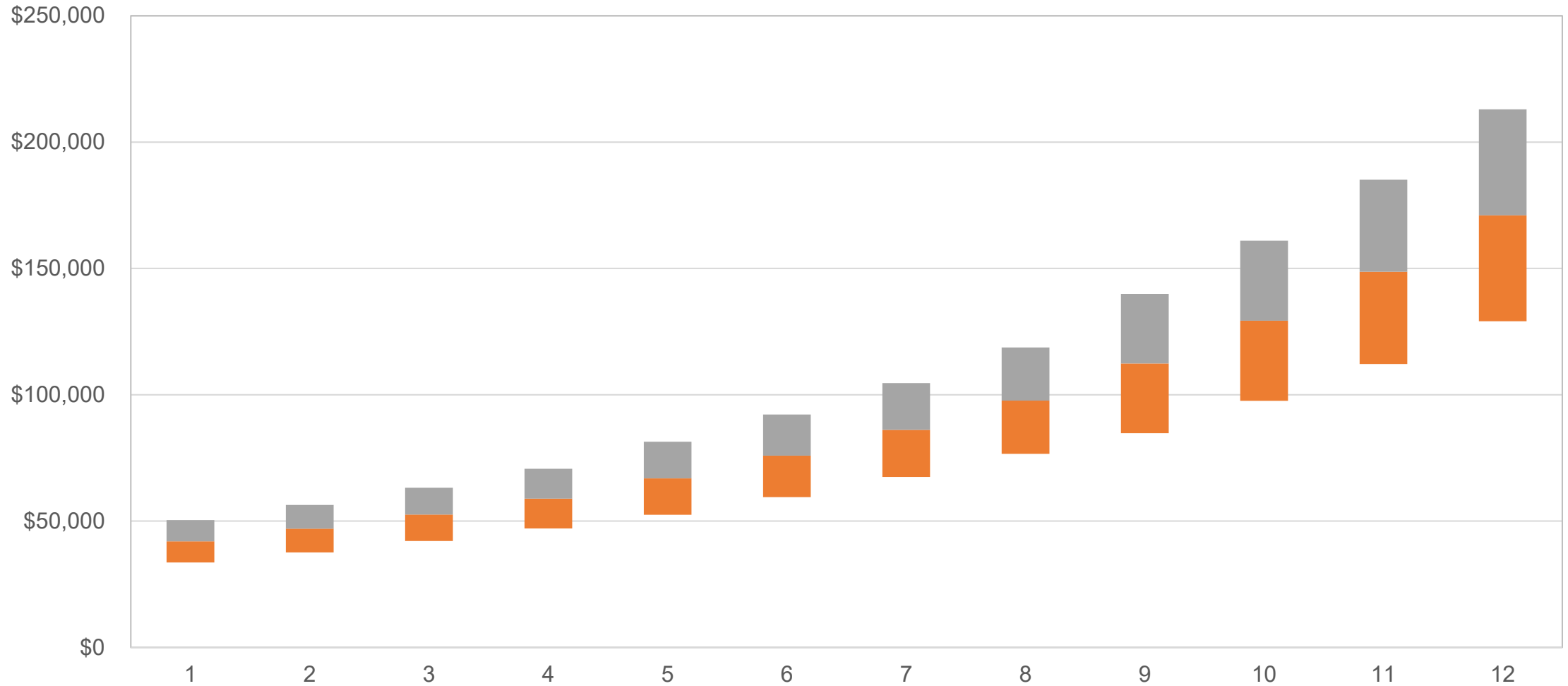# **Staff**

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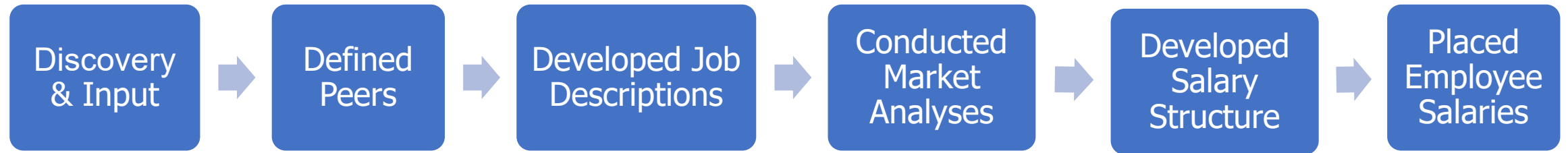
Staff Highlights

- 255 Job Descriptions specific to position duties and responsibilities
- Job titles that describe the work performed
- Updated 25 job families
- Updated 11 job levels
- One salary table for Exempt and Non-Exempt jobs – 12 grades
- Market alignment - competitive, equitable, financially sustainable
- Minimum wage $16.15 for Regular staff

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Current Staff and Administrator Salary Schedules
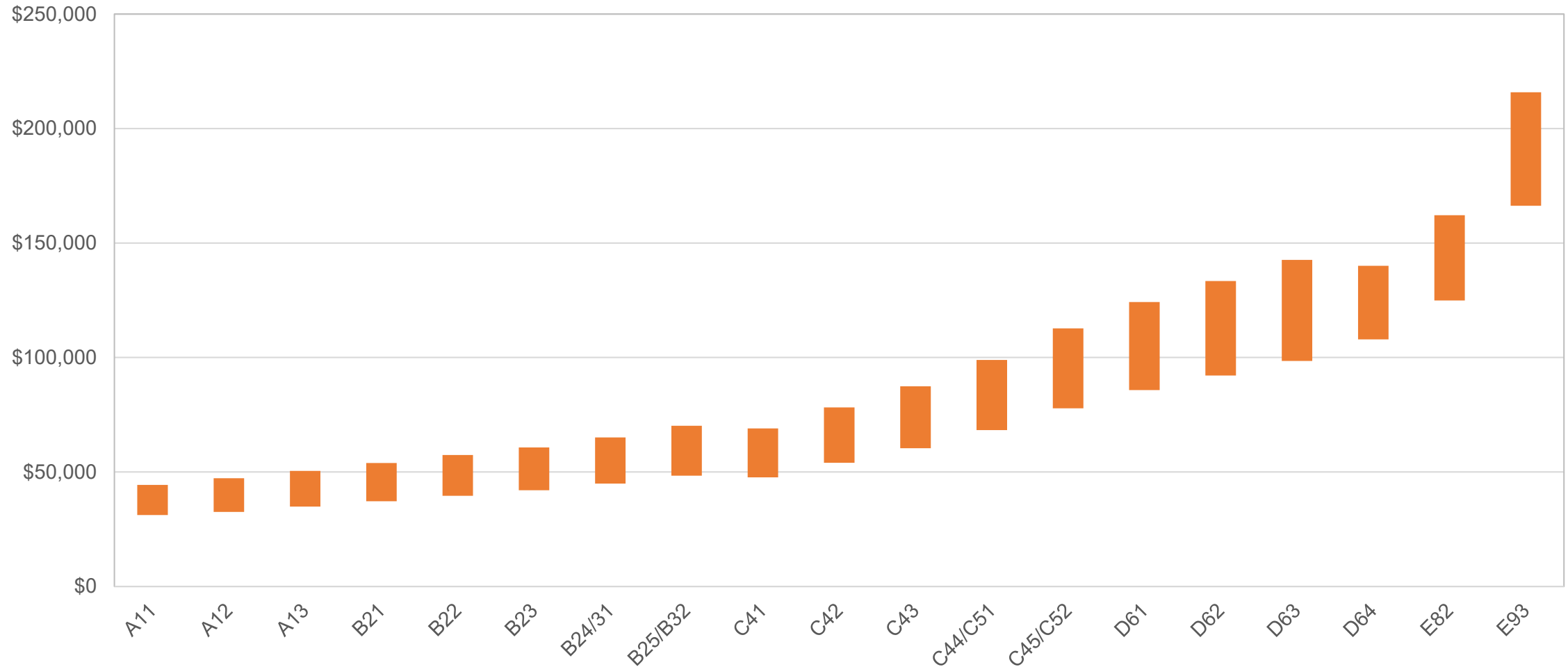
Proposed Staff and Administrator Schedules

Salary Table for Regular Staff & Administrators

Salary Band	Minimum	Midpoint	Maximum
1	$33,600	$42,000	$50,400
2	$37,600	$47,000	$56,400
3	$42,100	$52,600	$63,200
4	$47,100	$58,900	$70,700
5	$52,500	$66,900	$81,400
6	$59,500	$75,900	$92,200
7	$67,500	$86,100	$104,600
8	$76,600	$97,700	$118,700
9	$84,800	$112,400	$139,900
10	$97,600	$129,300	$161,000
11	$112,200	$148,700	$185,100
12	$129,100	$171,000	$213,000

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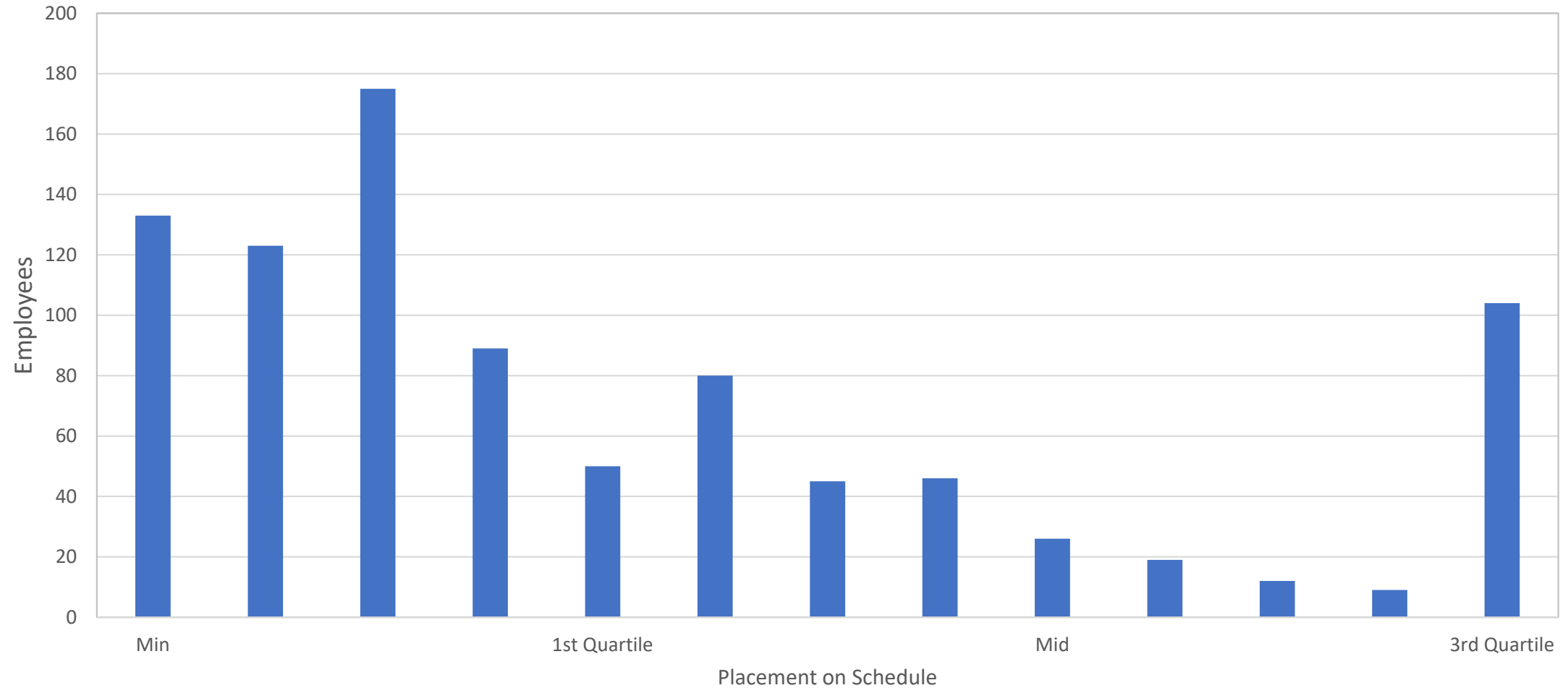
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Initial Salary Placement

Determining Individual Placement in Range
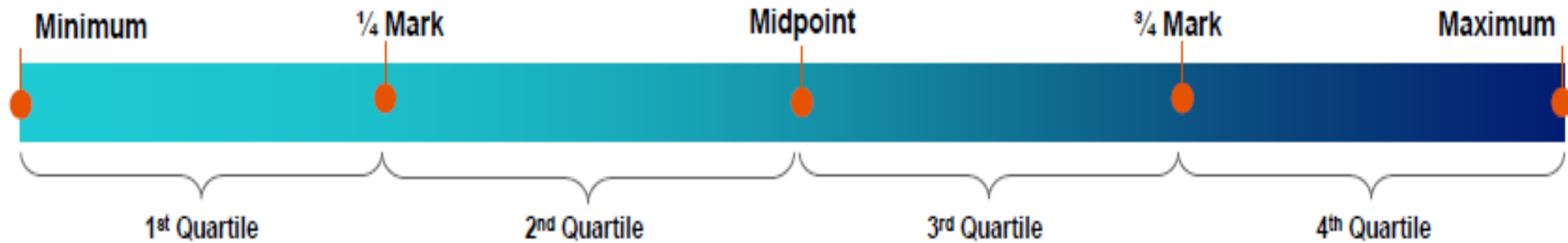
Current Distribution of Staff and Administrator Budgeted Full Time Equivalents by Step
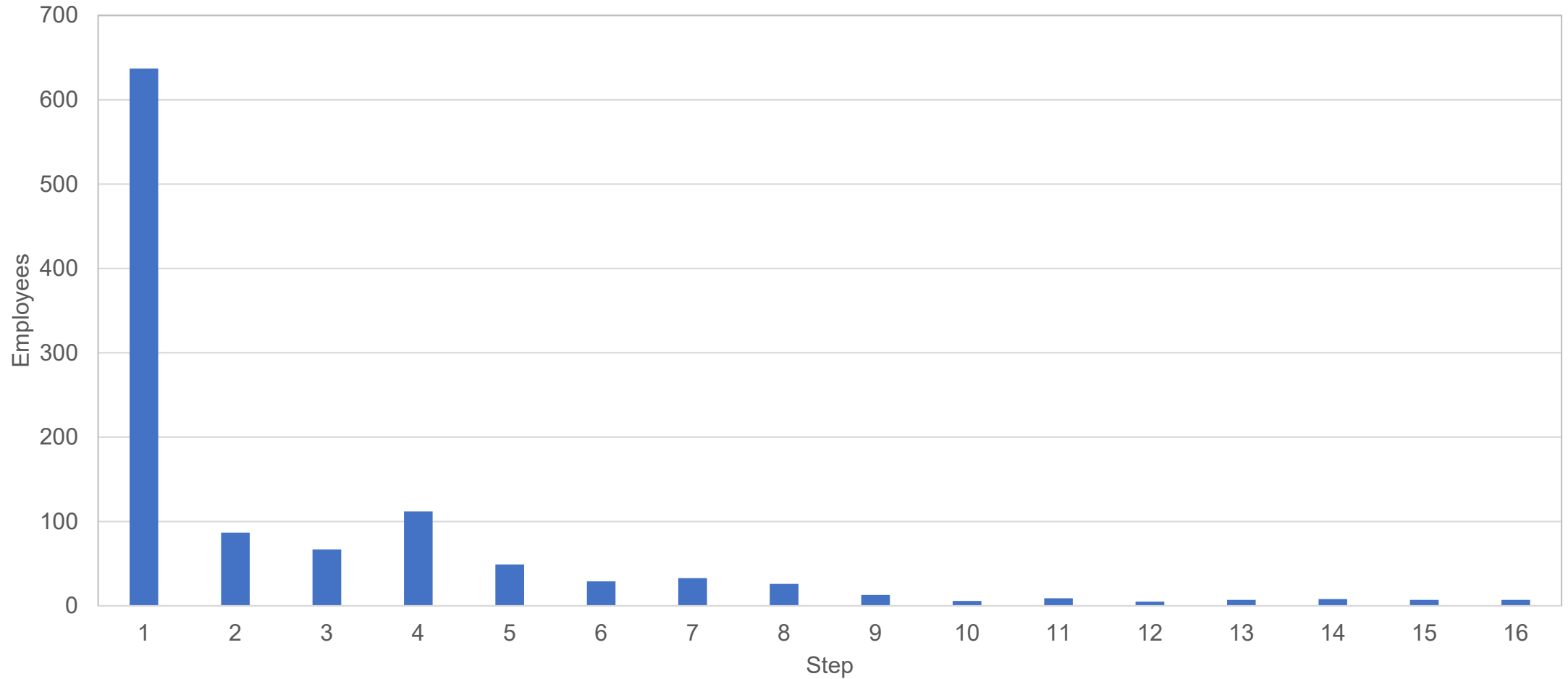
Initial Placement on Staff/Admin Schedule
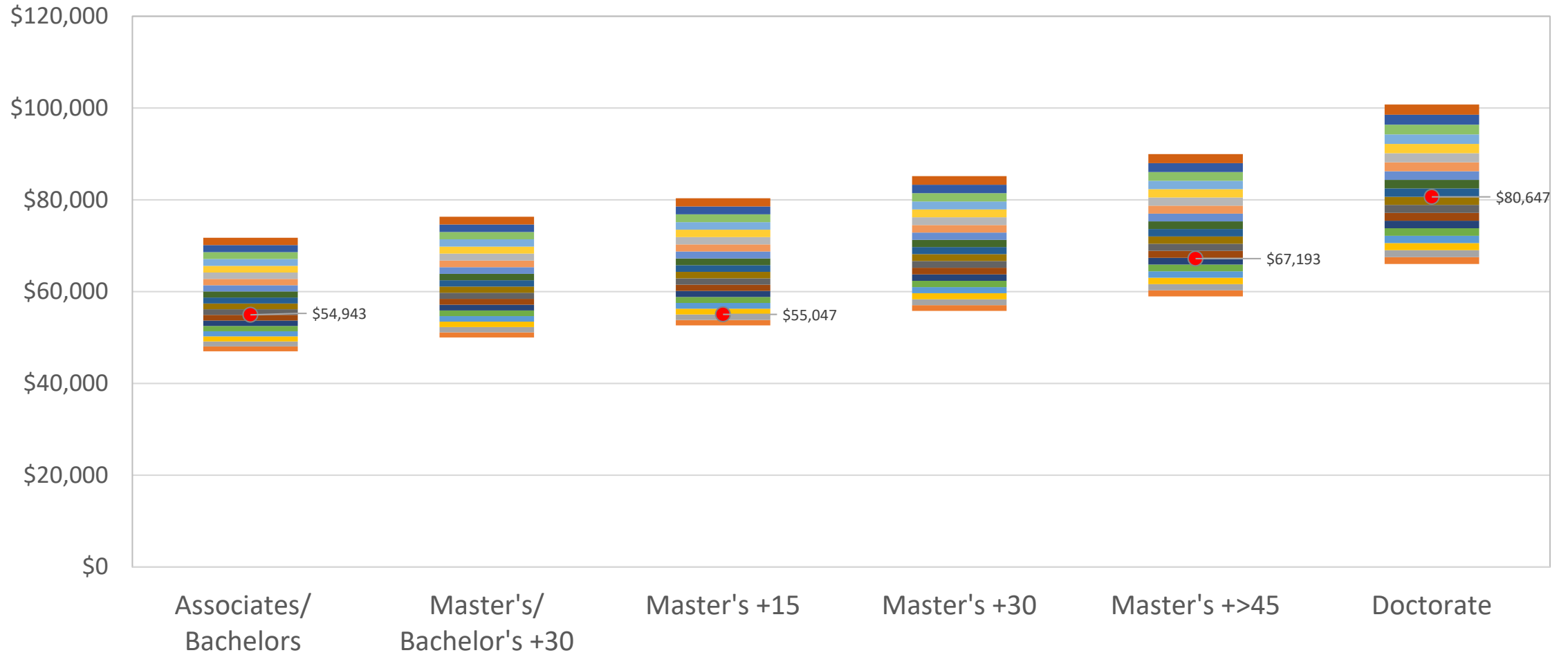
Faculty

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Faculty Salary Schedules

- Steering Committee Reviewed Two Initial Structures
  - Option 1: Highly structured
    - 4 Bands, 15 Steps
      - Bands: Years of experience and education level
      - Steps: Years in position
  - Option 2: Flexible ranges
    - 4 Bands, Quartile ranges
      - Bands: Years of experience and education level
      - Placement: Based on experience, performance, discipline market

- Limitations of Initial Structures
  - Bands limited for educational growth possibilities
  - Step placement would provide limited future growth
  - Faculty desired more defined and clear placement rules

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Current Faculty Schedule: 16 Steps, Variable Range Spread (62%-75%), 169 Days of Accountability
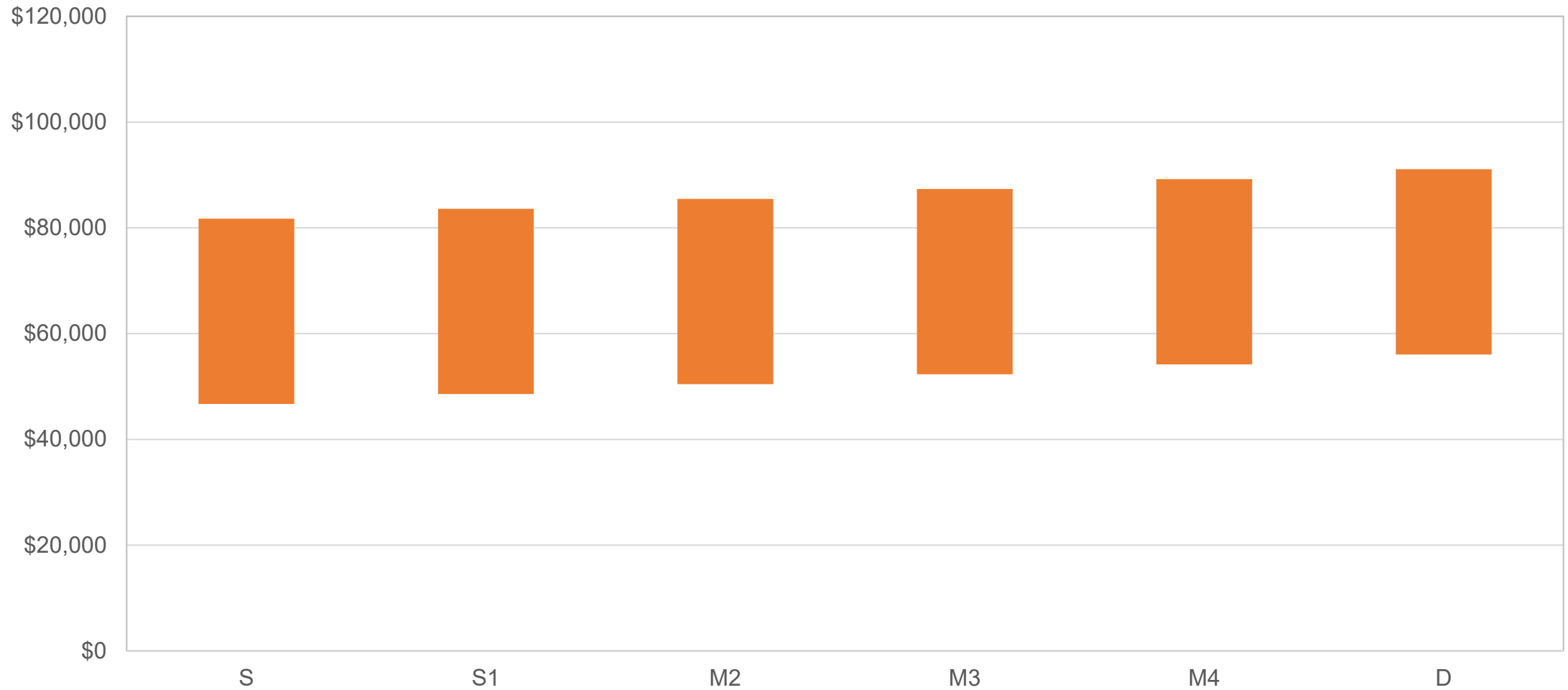
Proposed Faculty Schedule: 20 Steps, 53% Range Spread, 169 Days of Accountability

Chart showing faculty salary ranges by education level:
- Associates/Bachelors: $54,943
- Master's/Bachelor's +30
- Master's +15: $55,047
- Master's +30
- Master's +>45: $67,193
- Doctorate: $80,647
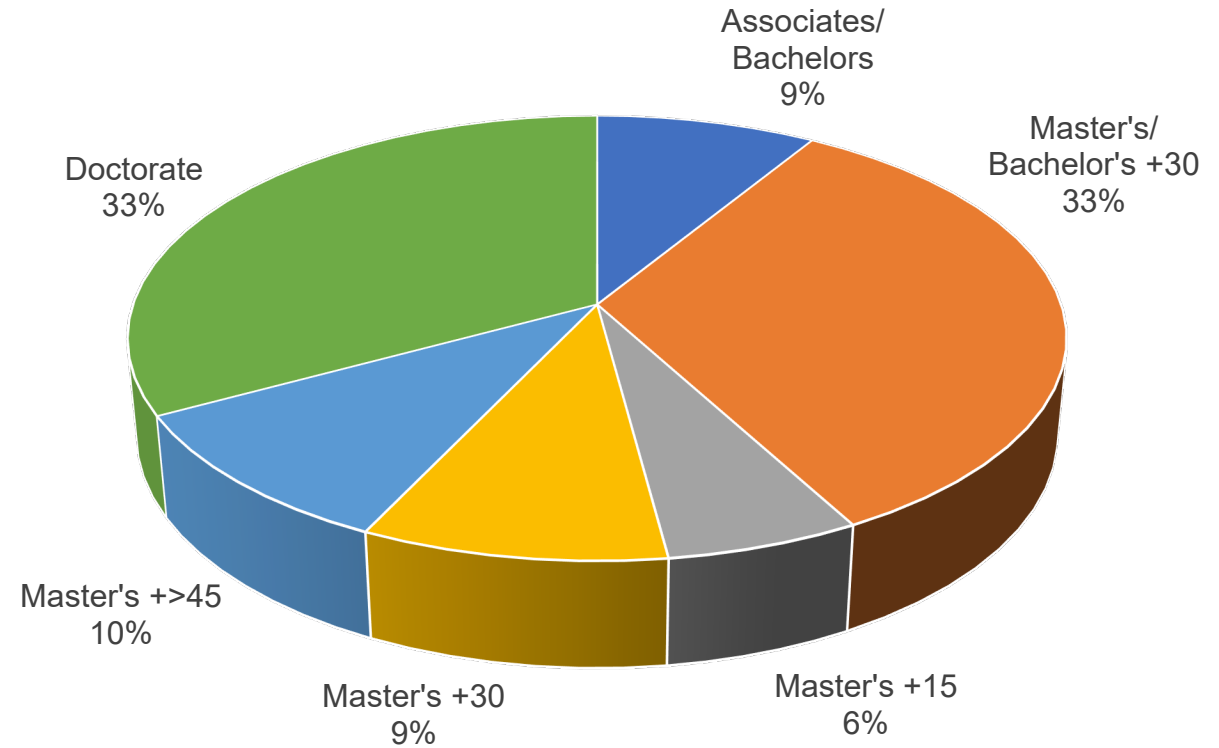
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Faculty Placement by Salary Grade

Current Schedule Grade Distribution
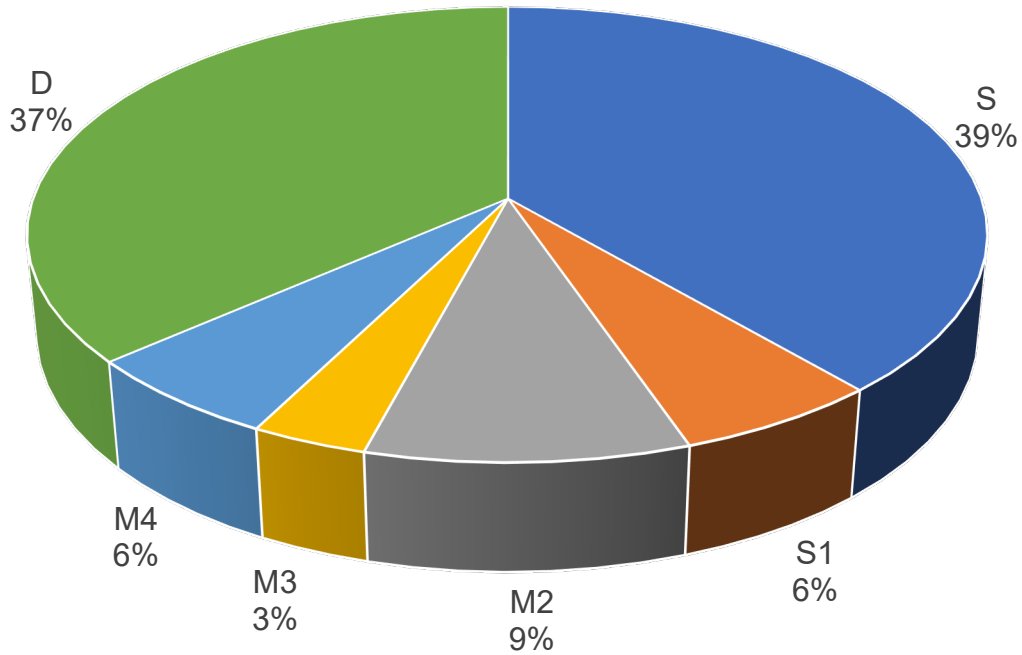
Proposed Schedule Grade Distribution

Comparison: Current to Proposed Placement

Proposed Faculty Schedule

Steps	Grade 1 Associates/ Bachelors	Grade 2 Master's/ Bachelor's +30	Grade 3 Master's +15	Grade 4 Master's +30	Grade 5 Master's +>45	Grade 6 Doctorate
1	$47,000	$50,008	$52,640	$55,798	$58,957	$66,032
2	$48,058	$51,133	$53,824	$57,054	$60,283	$67,517
3	$49,139	$52,284	$55,035	$58,338	$61,640	$69,036
4	$50,244	$53,460	$56,274	$59,650	$63,027	$70,590
5	$51,375	$54,663	$57,540	$60,992	$64,445	$72,178
6	$52,531	$55,893	$58,835	$62,365	$65,895	$73,802
7	$53,713	$57,150	$60,158	$63,768	$67,377	$75,463
8	$54,921	$58,436	$61,512	$65,203	$68,893	$77,161
9	$56,157	$59,751	$62,896	$66,670	$70,443	$78,897
10	$57,421	$61,096	$64,311	$68,170	$72,028	$80,672
11	$58,713	$62,470	$65,758	$69,704	$73,649	$82,487
12	$60,034	$63,876	$67,238	$71,272	$75,306	$84,343
13	$61,384	$65,313	$68,750	$72,875	$77,001	$86,241
14	$62,765	$66,782	$70,297	$74,515	$78,733	$88,181
15	$64,178	$68,285	$71,879	$76,192	$80,505	$90,165
16	$65,622	$69,822	$73,496	$77,906	$82,316	$92,194
17	$67,098	$71,392	$75,150	$79,659	$84,168	$94,268
18	$68,608	$72,999	$76,841	$81,451	$86,062	$96,389
19	$70,152	$74,641	$78,570	$83,284	$87,998	$98,558
20	$71,730	$76,321	$80,338	$85,158	$89,978	$100,775

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Summary

- 60% of positions will receive adjustments when placed on new schedules
  - 73% Faculty
  - 56% Staff/Administrator
- Placement costs
  - Total $5.3 Million (plus fringe benefits)
    - $1.4 Million Faculty
    - $3.9 Million Staff/Administrator
- Actual pay for current regular employees will reflect a $2,000 minimum adjustment above Fiscal Year 2022 salaries and wages (base pay + $1,000 supplement)
  - $1.7 Million (plus fringe benefits)

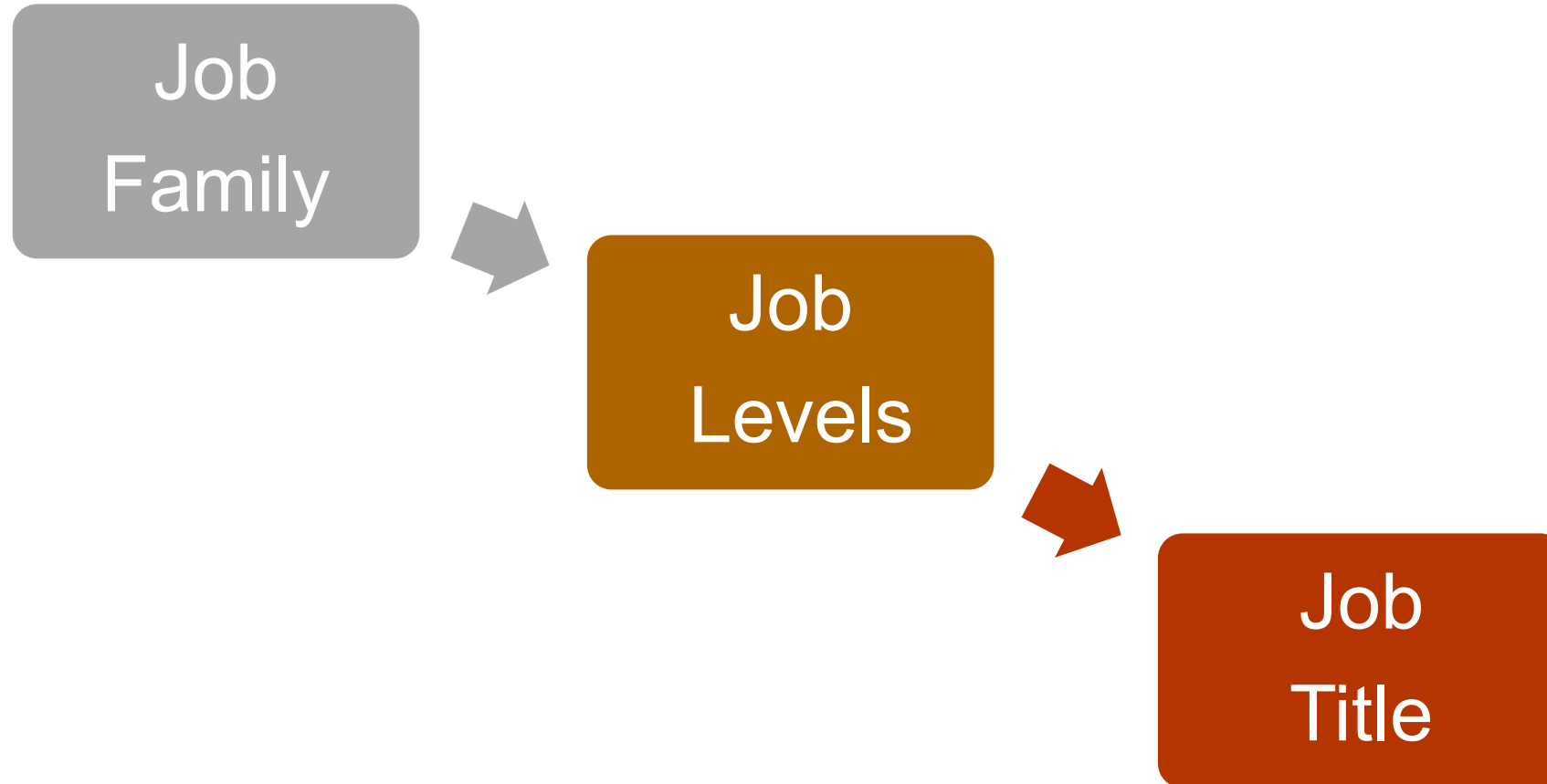**PimaCommunityCollege**

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Future Work – Continuous Improvement

- Review process for placement questions
- Identify possible alternative qualifications for educational attainment placement
- Define performance-based pay adjustment
  - Mechanism
  - Criteria
- Faculty
  - Define hard-to-fill field qualification for faculty stipend (currently only applies to Nursing)
  - Review other faculty supplemental pay rates
- Executive compensation review

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Additional Information

Building a New Job Description Structure

Job Family

Job Levels

Job Title

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New Job Families

- Academic Affairs
- Administrative Support
- Registrar & Admissions
- Campus Police
- Compliance
- Executive Administration
- Facilities
- Financial Services
- Grants Administration
- Human Resources
- Information Technology
- Institutional Research
- Instructors

- Legal
- Library
- Marketing & Communications
- Materials Management
- Media and Digital Media Production
- Production Theater
- Student Services
- Workforce Development
- Instructional Support
- Academic Support
- Athletics
- Faculty Affairs

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New Job Levels

- Support & Service - Entry
- Support & Service - Intermediate
- Support & Service - Senior
- Professional - Entry
- Professional - Intermediate
- Professional - Senior

- Manager/Supervisor/Lead
- Director
- Executive Director/Dean
- Deputy Administrator
- Executive Administrator

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New Job Descriptions

- 255 Job Descriptions
- Descriptive titles reflect the duties performed
  Examples:
  - Analyst 1, Information Technology – Telecommunications
  - Coordinator, Athletics
  - Maintenance Technician 1, Mechanic

Building a New Salary Structure

- Compared PCC jobs to similar jobs in the market

- Determined the market median using salary surveys

- Used the market median to establish a midpoint

- Built a range by establishing a Minimum salary and a Maximum salary

- Assigned jobs to salary grade based on the job's market median

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Determining the Market Median Using Salary Surveys

Pay data from Salary Surveys
 Analyst II

	Companies Reporting	Incumbents Represented	Rate at Selected Percentiles			Average Rate
			25th	50th (Median)	75th	
Survey I	27	195	$31,278	$43,754	$54,438	$44,295
Survey II	27	195	$32,027			
Survey III	26	179	$35,156			
Survey Average	27	195	$33,123			

- Published by independent third parties
- Multiple surveys available
- Can provide pay data by job, industry, company/ university size, country, region, etc.

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Establishing a Midpoint

- Using the market median
- Example:

25th Percentile	50th Percentile (Median)	75th Percentile
$36,933	$40,950	$46,686

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Job Assignments

- Assigned jobs to salary grade based on the job's market median

Coordinator, Adult Education

Media Specialist

Manager, Grants

Police Sergeant

Analyst 2, IT Programmer

Administrative Assistant 2

Payroll Specialist 2

Printer Operator

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Agenda Item Details

Meeting	Jun 08, 2022 - Public Hearing, Special and Regular Meeting
Category	12. INFORMATION ITEMS (5 min.)
Subject	12.2 Finance and Audit Committee 2021-2022 Report
Type	Information
Goals	

Contact Person:
Dr. David Bea,
Executive Vice Chancellor for
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Contributing Author:
Keri Hill, Executive Assistant

Information:

As part of the College's continued improvements in financial accountability and transparency, the Governing Board approved the creation of its Finance and Audit Committee ("Committee") in November 2013. In compliance with the Committee's Charter, the Finance and Audit Committee presents the following update to the Board.

2021-2022 Activities

To date, the Committee has held five meetings in Fiscal Year 2022, with a sixth meeting scheduled for June 17, 2022. The meeting schedule aligned with the Fiscal Year 2023 Budget Development Calendar to ensure the Committee provided feedback on budget actions, audit processes, and related activities in a timely and effective manner. Further, the Committee continued to monitor the impact of COVID-19 on the College's enrollment, operations, and investment portfolio.

Committee Charter and Membership

With the departure of two long-term members, the Committee welcomed two new community members and elected a new Chair and Chair-Elect. In October 2021, the Committee reviewed its charter, and in December 2021 discussed the pending focused visit by the Higher Learning Commission.

Audit Functions

The Internal Auditor met quarterly with the Committee to review reports, the Executive Dashboard, and progress on the annual audit plan and risk assessment. The Committee discussed management tools, oversight, and the status of open items from the audit plan. The Committee will review the risk assessment and proposed audit plan for 2022-2023 at their final meeting of the year.

The Committee also met with representatives from the Arizona Auditor General to discuss the annual audit reports for the fiscal year ended June 30, 2021.

Response to the COVID-19 Pandemic

The Committee continued to monitor the College's response to the COVID-19 pandemic as on-site course offerings and services were increased and employees returned to the office.

The College's contracted investment manager, RBC Global Asset Management, provided regular reports to the Committee and reviewed how market fluctuations and the federal response impacted the investment portfolio. The reduction in investment revenue and the impact on the College budget were also discussed, as were the effects of inflation, the job market, and the supply chain.

Compliance and Enterprise Risk Management (ERM)

The Director of Enterprise Risk Management regularly met with the Committee to discuss the ERM framework and implementation and review initial model tools and rubrics. In addition, the Committee received updates on the College's insurance policies, including cybersecurity and the Arizona School Risk Retention Trust, and discussed the impact of recent capital investments and construction projects on the College's renewals.

Financial Sustainability

The Committee continued to focus on financial sustainability and [provided a recommendation](#) on the College's Fiscal Year 2023 budget and future three-year plans. Further, the Committee monitored pension liabilities, ensuring the College is continuing with the goal of reducing the unfunded liability for the Public Safety Personnel Retirement System and hearing updates on potential legislation related to the Arizona State Retirement System.

The Committee received regular updates on the projects funded by the revenue bonds and was provided quarterly reports on the Fiscal Year 2022 Capital Project Plan.

Potential Topics for 2022-2023

In the next Fiscal Year, the Committee will continue to have standing agenda items related to the Revenue Bonds, Internal Audit, and Enterprise Risk Management. Further, the Committee will receive reports on the College's annual capital project budget and provide feedback on the development of the next three-year budget plan.

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Agenda Item Details

Meeting	May 11, 2022 - Regular Governing Board Meeting
Category	3. INFORMATION ITEMS (5 min.)
Subject	3.5 Fiscal Year 2022 Capital Project Plan Update, Third Quarterly Report
Access	Public
Type	Information
Goals	Accreditation-Criterion 5: Resources, Planning, and Institutional Effectiveness
	Accreditation-Criterion 2: Integrity: Ethical and Responsible Conduct

Public Content

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Information:

The College's annual capital budget planning process identifies equipment replacement and facilities projects that exceed $5,000 and meet the College's mission, strategic priorities, and needs. Capital project requests are reviewed for alignment with Program Review Outcomes, the Strategic Plan, and the Educational and Facilities Master Plans.

On May 12, 2021, the Governing Board approved the Capital Budget Plan for fiscal year 2022. The plan included $47.9M of budget capacity to make significant investments in Information Technology, COVID-19 remediation, deferred maintenance, academic equipment, and Centers of Excellence. At the time of the plan adoption, the College received a large grant award through the Higher Education Emergency Relief Funds (HEERF), and a proposal had been submitted to the state for appropriations. The Capital Budget Plan enabled the College to have the budget capacity to expend these funds.

The College committed to reviewing the approved capital projects and providing quarterly reports on the Capital Budget Plan to the Finance and Audit Committee and the Governing Board.

Capital Budget Plan Review Process:

After the start of the fiscal year, employees from Finance, Facilities, and Information Technology discussed the Capital Budget Plan. The group discussed the capacity to complete projects within the current fiscal year, projects that qualified for the HEERF grants, STEM projects, projects that had a change in scope or were discontinued, and projects to fulfill Prop 481 initiatives. A summary of changes is provided below:

Capital Projects Deferred to a Future Fiscal Year

- Learning Center Renovation C217 - $31,000
- ABECC Testing Room - $77,000
- Applied Tech Freezer ST Building - $30,000
- Arts Makerspace Digital Fab Lab - $240,000

Capital Projects Funded from Higher Education Emergency Relief Funds (HEERF)

- Adult Education Laptops - $454,000
- *Deferred Maintenance - Environment Sustainability - $1,192,400

Capital Projects Funded from FY22 STEM Appropriations
- IT CoE Uninterruptible Power Supplies Equipment - $370,000
- Automotive Vehicle Purchase $128,000
- Aviation Furnishings - $1,142,000
- Aviation Twin Engine Aircraft - $230,000
- Aviation Turbine Engine - $242,000

Capital Projects with Changes in Scope or Discontinued
- Arts 3D Printers - $240,000. Discontinued due to extensive HVAC replacements needed that exceeded the value of the printers. No costs were incurred.
- Culinary Kitchen - $605,650. Additional scope is required to fulfill the objectives of the Title V grant program *Pathways to Hospitality Leadership* at the Desert Vista Campus.

Strategic Capital Projects to Fund Prop 481 Initiatives
- DV Childcare Renovations -$400,000. Full scope of the project was determined after the capital budget was approved.

Capital Projects Funded from Prop 207 Appropriations
- West Campus Remodel Exterior L Building, $935,000
- West Campus Science Labs Bldg F, $300,000
- Center of Excellence for Health Professions Renovations, Ongoing

Administrative Content

Executive Content