

## Standard III.D. Financial Resources

### III.D.1.

*Financial resources are sufficient to support and sustain student learning programs and services and improve institutional effectiveness. The distribution of resources supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. (ER 18)*

#### Evidence of Meeting the Standard

##### Financial Resources are Sufficient

Mt. San Antonio College (Mt. SAC) has sufficient financial resources to support and sustain student learning programs and services and improve institutional effectiveness. As a result of continuous collaborative teamwork among constituents, the College has effectively managed its budget regardless of enrollment fluctuations, continuous apportionment deficits, and ongoing operating expenditure increases. In 2014-15, expenditures in the unrestricted general fund totaled \$152.2 million and \$21.7 million in the restricted general fund. The College has also expended a total of \$20.8 million in the debt service fund and special revenue fund, \$37.7 million in the capital project fund, and \$49.2 million in the student financial aid fund ([III.D.1-1 pg. 33-42](#), [III.D.1-2](#), [III.D.1-3](#)). The College has sufficient revenues to maintain and grow educational programs. Unrestricted general fund revenues

increased from \$139.1 million in 2011-12 to \$157.9 million in 2014-15 ([III.D.1-4](#)). As a result, the College has been able to serve more students, with FTES increasing by 2,575 from 2011-12 to 2014-15 ([III.D.1-5 pg. 13](#)).

##### The Distribution of Resources Supports Programs and Services

The distribution of resources at Mt. SAC through an integrated planning process supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The College allocates its new resources using the budget review and development process, which provides means for setting priorities for funding institutional improvements. This process is integrated with the Planning for Institutional Effectiveness Process (PIE). The PIE process includes specific planning goals driven by the Strategic Plan. Department/units submit their requests for new resources. These requests are prioritized at several levels, from the units through the division/departments until they reach the Vice President level. They are also presented to numerous committees (e.g., Budget Committee, President's Advisory Council), and ultimately the Vice Presidents make a recommendation for funding to the College President. The President makes the final funding decision, which is later presented to the Board of Trustees. A total of \$4.3 million was recommended for funding in 2014-15 and a total of \$6.2 million was recommended for funding in

2015-16 ([III.D.1-6 pg. 3](#), [III.D.1-7](#), [III.D.1-8](#), [III.D.1-9 pg. 3](#)).

The College consistently receives federal and state funding to maintain and enhance educational programs and services. In 2014-15, the College received a total of \$21 million in grants and categorical programs ([III.D.1-5 pg. 49-52](#)). Some notable grant and categorical funds received were: 1) Building Pathways of Persistence and Completion (Title V), to develop curriculum design models and support structures that accelerate students' certificate completion, graduation and/or transfer rates, 2) Adult Education and Family Literacy, English Literacy and Civic Education, to supplement educational services that enable adults to acquire basic English literacy skills, complete basic education courses, and secure training for employment and citizenship, 3) Disabled Student Program and Services (DSPS), to provide support services, specialized instruction, and educational accommodations to students with disabilities so that they can participate as fully and benefit as equitably from the college experience as their non-disabled peers, and 4) Student Success and Support Program (SSSP), to increase student access and success by providing students with core SSSP services including orientation, assessment and placement, counseling, advising, and other education planning services, and other support services necessary to assist them in achieving their educational goal and declared course of study ([III.D.1-10](#), [I.A.2-10](#)).

Mt. SAC is committed to providing quality educational facilities and current technology. Resources for the

modernization, expansion, alteration, and repair of existing facilities are allocated on a priority basis as prescribed by Administrative Procedure (AP) 6610: Facilities Project Prioritization ([III.D.1-11](#)). Facilities resource requests are submitted by each unit through the PIE process. The requests are prioritized first at the division/unit level, team level, then at the Vice President level and submitted in draft form to the Director of Facilities Planning and Management (FPM). The Director of FPM reviews the prioritized requests and develops very preliminary cost estimates and then combines the requests into a master list of proposed facilities projects. The Facilities Advisory Committee (FAC) reviews the project concepts on the combined list and makes recommendations to the Campus Master Plan Coordinating Team (CMPCT) to fund, or not to fund, individual projects ([III.D.1-12](#)). The Director of FPM regularly reports to the President's Advisory Council (PAC) on the status of proposed, approved, ongoing and completed projects. CMPCT approves and identifies funding sources for projects ([III.D.1-13 pg. 2](#)). The Director of FPM provides regular updates on the status, schedule, and budget for all facilities projects. Facilities Planning and Management supports the Administrative Services, Student Services, and Instruction Teams by assisting in the planning, design, procurement and installation of equipment such as classroom and office furniture, classroom audio-visual technology, and large or complex instructional equipment. The FAC reviews campus standards for equipment and facilities, and makes recommendations to CMPCT. The major sources of revenue that provide funding for facilities and equipment have been two bond

measures: Measure R for \$221 million, approved by the local voters in 2001, and Measure RR for \$353 million, approved by local voters in 2008. The College carefully plans the issuance of bonds to provide sufficient funding for upcoming projects as well as savings for the taxpayers. Projects for Measure R have been completed. The College has issued \$238 million in general obligation bonds for the Measure RR projects ([III.D.1-14](#), [III.D.1-15](#), [III.D.1-16](#)).

### **The College Foundation Supports Educational Programs and Services**

The Mt. SAC Foundation supports the College's educational programs and services by raising money for scholarships, campus projects, and other needs beyond those achievable through the regular funding sources. One of the highest profile activities of the Foundation, beginning in 2008 through 2012, was its participation in a system wide campaign to build a scholarship endowment for students. Thanks to the extreme generosity of the Bernard Osher Foundation, Mt. SAC has established a \$1.5 million endowment fund that will award scholarships to deserving students in perpetuity ([III.D.1-17](#)). Since the completion of the Osher Campaign, the Foundation has continued its focus on building endowments. Since July 2012, it has established eight new endowed scholarship funds and created an operational endowment from gifts that totaled more than \$264,000 ([III.D.1-18 pg. 2](#)). From 2011-2015, the Foundation has secured support for the following campus projects:

- \$70,000 in support of the Mt. SAC Public Arts Council Karl Benjamin Mosaic Project;
- \$25,000 to help send the Chamber Singers, Mt. SAC's award-winning choral group, to international competitions in China and Germany in 2013 and 2015, respectively ([III.D.1-19](#), [III.D.1-20](#));
- \$100,000 for Pathways to Transfer, an accelerated program to help students in basic skills courses in math and English to complete a degree and transfer to a four-year university ([III.D.1-21 pg. 25](#));
- \$30,000 for the Health Professions Student Success coach in the Technology and Health Division;
- \$62,000 to support the planetarium technician position in the Natural Sciences Division;
- \$25,000 in support of Reach for the Stars, a program that brings hundreds of middle-school students from disadvantaged school districts to the Mt. SAC Randall Planetarium for a day of fun and educational science-based activities;
- \$92,190 for Flight Safety in the Aeronautics program; and
- \$70,000 in scholarship support for students studying in the Science, Technology, Engineering, and Mathematics (STEM) fields.

### **The College Plans and Manages Finances with Integrity and Stability**

Mt. SAC plans and manages its financial affairs with integrity and in a manner that ensures financial stability. Board Policy (BP) 6300, Fiscal Management, requires that adequate internal controls exist ([III.D.1-22](#)). Fiscal objectives, procedures, and constraints are communicated to the Board of Trustees and College employees

and adjustments to the budget are made in a timely manner, when necessary. The management information system provides timely, accurate, and reliable fiscal information and responsibility and accountability for fiscal management are clearly delineated. Despite state budget reductions of \$9.8 million in fiscal year 2011-12, the College has consistently recovered and maintained its reserves above the 10 percent unrestricted general fund policy ([III.D.1-23 pg. 5-6](#), [III.D.1-4](#)). The College has sustained and grown its educational programs while maintaining an average year-end reserve balance of 21.64 percent from 2010-11 to 2014-15. This conservative approach has helped ensure financial stability even during times of economic crisis. The College issued bonds in September 2015, obtaining an AA credit rating from Standard & Poor's and Aa2 credit rating from Moody's. In the opinion of these credit agencies Mt. SAC has a very strong financial position with a positive and stable outlook ([III.D.1-24](#), [III.D.1-25](#)).

Mt. SAC has demonstrated that it plans and manages its financial affairs with integrity. The College has complied with the Fiscal Independence requirements since they became effective on July 1, 2012 ([III.D.1-26](#), [III.D.1-27](#), [III.D.1-28](#), [III.D.1-29](#)). The College was granted Fiscal Independence status upon the approval of the Board of Governors of the California Community Colleges Systems Office, which was based largely on recommendations from the Los Angeles County Superintendent of Schools, the Los Angeles County Auditor/Controller, and the result of an independent Certified Public Account firm's survey of Mt. SAC's accounting controls. Fiscal Independence

status allows the College to have broad authority to issue warrants without the review or approval of the Los Angeles County Superintendent of Schools or the Los Angeles County Auditor/Controller. With Fiscal Independence, the College assumed fiscal, budget, human resources, payroll, and financial management system processing, and the oversight for the internal audit function for the issuance of the payroll and commercial warrants.

Pursuant to Prop. 39, the Mt. SAC Citizens' Oversight Committee is principally charged with ensuring the proper expenditures of bond funding for campus construction, reconstruction, rehabilitation, or replacement of campus facilities and informing the public concerning the expenditure of bond proceeds. Members are appointed by the Mt. SAC Board of Trustees and represent various sectors of the community, including businesses, seniors, taxpayers, students, and an advisory body for the College Foundation. The College has continuously received clean or unmodified audit opinions on the bond performance and financial audits. In addition, the College's Measure R Series C was audited by the Internal Revenue Service in 2014, which resulted in no audit findings to the College ([III.D.1-30](#)).

Mt. SAC's budget provides sufficient resources for the effective planning, maintenance, implementation, and enhancement of distance learning (DL) courses, programs and services as well as personnel development. The Distance Learning Committee (DLC) is the shared governance leadership group that discusses, reviews and evaluates distance learning modes of instruction and

recommends and promotes best practices and new opportunities for distance learning and teaching. The College's DL courses are maintained and enhanced through regular processes in academic departments and new DL courses are approved through a separate curriculum approval process. The DLC sends curricular proposals for creation of DL offerings to the Educational Design Committee for review and for submission to the Curriculum and Instruction Council for approval. The current budget funds two full-time classified positions in the Online Learning Support Center (OLSC), two faculty on reassigned time, and Information Technology (IT) staff and manager time for systems support (student information system, servers, data storage, data line, etc.), integration between student information systems and the learning management systems, and web and portal services that enable instruction, programs, and services to occur. In addition, the current budget funds a dean and associate dean, library and learning resources, whose responsibilities include overseeing the DL courses, one administrative secretary whose responsibilities include supporting DL, and the equivalent of one Full-time Equivalent (FTE) faculty on reassigned time to coordinate DL courses and provide leadership in matters pertaining to DL ([III.D.1-31](#)).

The institution's participation as a pilot college in the statewide Online Education Initiative (OEI) brings state-subsidized tools to support DL teaching and learning. Through OEI, the institution began using free online tutoring via NetTutor for all classes in fall 2015, which increases the institution's capacity to provide

comparable student support services to online students during late evening, holidays, and weekend hours and in subject matters for which existing tutoring programs cannot provide adequate expertise. Another free OEI tool is online readiness videos, which better inform and prepare students to succeed in online classes. On July 13, 2016, the College adopted OEI's free learning management system, Canvas by Instructure, for use beginning fall 2016 with 30 pilot classes. It is providing support to integrate the Banner student information system with Canvas for these pilot classes. The use will be expanded in the winter and spring 2017 terms as the College migrates from Moodlerooms to Canvas by the end of spring 2017. The cost of the learning management system, and tier-one technical support after 10 p.m., on holidays, and weekends for faculty and students will be entirely subsidized by the state for two years. After this period, the Chancellor's Office and the OEI Executive Team are optimistic that the state will continue to fund Canvas, in part or whole, as the OEI grant is a \$10 million ongoing funding.

### **Fiscal Planning Includes Distance Learning**

Fiscal planning for distance learning takes into consideration the short-term as well as the long term investment needs related to teaching through electronic means ([III.D.1-32](#), [III.D.1-33](#), [III.D.1-34](#), [III.D.1-35](#)). Distance learning has appropriate control and quality mechanisms for external contracts to support technology needed for distance education. IT and the OLSC team monitor and respond to faculty messages seeking technical support. When technical

problems cannot be resolved locally, the IT systems administrator for Moodlerooms sends help requests directly to Moodlerooms for resolution. If escalated problems are not adequately addressed, higher-level IT administrators directly contact the vendor's higher-level administration to obtain more expedient solutions ([III.D.1-36](#)). The College provided feedback to Moodlerooms on the recurrent disruptions to the "look and feel" of the course shells with semi-annual upgrades, which informed the release of Moodlerooms Snap Themes for a mobile-friendly, accessible, and stable interface for faculty and students. This template was released in January of 2016, ending the unpredictable disruptions to Moodlerooms gradebook for students taking online tests ([III.D.1-37](#)).

### **Analysis and Evaluation**

Mt. San Antonio College's (Mt. SAC's) financial resources are sufficient to support and sustain student learning programs and services and improve effectiveness. The distribution of resources supports the development, maintenance, allocation, reallocation, and

enhancement of programs and services. The College plans and manages its financial affairs with integrity and in a manner that ensures financial stability. Based on the narrative above, the College meets Accrediting Commission for Community and Junior Colleges Eligibility Requirement 18.

### **Accomplishments and Outcomes**

- Mt. SAC has effectively managed its budget regardless of enrollment fluctuations, continuous apportionment deficits, and ongoing operating expenditure increases.
- Through an integrated planning process, the College distributes its resources to support the development, maintenance, allocation, and reallocation of program and services.
- The Mt. SAC Foundation supports the College's educational programs and services.
- Mt. SAC has demonstrated that it plans and manages its financial affairs with integrity.
- Fiscal planning for distance learning takes into consideration the short-term as well as the long-term investment.

## List of Evidence

|            |  |
|------------|--|
| I.A.2-10   | <a href="#">Grants Office Annual Report FY 2014-15</a>                                 |
| III.D.1-1  | <a href="#">Annual Financial and Budget Report 2014-15</a> pg. 33-42                   |
| III.D.1-2  | <a href="#">Annual Financial and Budget Report FY 2013-14</a>                          |
| III.D.1-3  | <a href="#">Annual Financial and Budget Report FY 2012-13</a>                          |
| III.D.1-4  | <a href="#">Unrestricted General Fund Average Reserves</a>                             |
| III.D.1-5  | <a href="#">Adopted Budget 2015-16</a> pg. 13  |
| III.D.1-5  | <a href="#">Adopted Budget 2015-16</a> pg. 49-52                                       |
| III.D.1-6  | <a href="#">President Cabinet Notes 3-24-2015</a> pg. 3                                |
| III.D.1-7  | <a href="#">New Resources Allocation Requests 2014-15</a>                              |
| III.D.1-8  | <a href="#">President Cabinet Notes 7-21-2015</a>                                      |
| III.D.1-9  | <a href="#">President Cabinet Notes 8-14-2015</a> pg. 3                                |
| III.D.1-10 | <a href="#">Grants and Categorical Programs</a>  |
| III.D.1-11 | <a href="#">AP6610 Facilities Projects Prioritization</a>                              |
| III.D.1-12 | <a href="#">Facilities Advisory Committee Meeting Notes 4-13-2015</a>                  |
| III.D.1-13 | <a href="#">CMPCT Notes 5-3-2016</a> pg. 2   |
| III.D.1-14 | <a href="#">Prop 39 Measure R Financial Audit 2014-15</a>                              |
| III.D.1-15 | <a href="#">Prop 39 Measure RR Financial Audit 2014-15</a>                             |
| III.D.1-16 | <a href="#">Prop 39 Performance Audit 2014-15</a>                                      |
| III.D.1-17 | <a href="#">Osher Campaign</a>   |
| III.D.1-18 | <a href="#">Foundation Board of Directors Meeting 10-15-2015</a> pg. 2                 |
| III.D.1-19 | <a href="#">Chambers Singers and Syncopation Choir Competition in China 11-24-2012</a> |
| III.D.1-20 | <a href="#">Chamber Singers Board of Trustees Agenda 11-12-2014</a>                    |
| III.D.1-21 | <a href="#">Donation to Pathway to Transfer Program</a> pg. 25                         |
| III.D.1-22 | <a href="#">BP6300 Fiscal Management</a>   |
| III.D.1-23 | <a href="#">Adopted Budget 2011-12</a> pg. 5-6   |
| III.D.1-24 | <a href="#">Standard &amp; Poor's Ratings</a>  |
| III.D.1-25 | <a href="#">Moody's Ratings</a>  |
| III.D.1-26 | <a href="#">Fiscal Independence Oversight FY 2012-13</a>                               |
| III.D.1-27 | <a href="#">Fiscal Independence Oversight FY 2013-14</a>                               |
| III.D.1-28 | <a href="#">Response to Fiscal Oversight 2013-14</a>                                   |
| III.D.1-29 | <a href="#">Fiscal Independence Oversight FY 2014-15</a>                               |
| III.D.1-30 | <a href="#">IRS Letter for Bonds 2001 Election 2006 Series C</a>                       |
| III.D.1-31 | <a href="#">Distance Learning Costs</a>  |
| III.D.1-32 | <a href="#">Distance Learning/Online Learning Support Center (OLSC) PIE 2014-15</a>    |
| III.D.1-33 | <a href="#">Distance Learning Committee Meeting Minutes 10-27-2015</a>                 |
| III.D.1-34 | <a href="#">Distance Learning Committee Meeting Minute 11-24-2015</a>                  |
| III.D.1-35 | <a href="#">Summary of the Research on Adopting Canvas</a>                             |
| III.D.1-36 | <a href="#">Escalating MR Technical Problems to Moodlerooms</a>                        |
| III.D.1-37 | <a href="#">Moodlerooms Course Template Change - Problem Solving</a>                   |

### III.D.2.

*The institution's mission and goals are the foundation for financial planning, and financial planning is integrated with and supports all institutional planning. The institution has policies and procedures to ensure sound financial practices and financial stability. Appropriate financial information is disseminated throughout the institution in a timely manner.*

#### Evidence of Meeting the Standard

##### **The Mission and Goals of the College are the Foundation for Integrated Financial Planning**

Mt. San Antonio College (Mt. SAC) has remained one of the strongest, financially healthy districts in the state due to a history of conservative financial policies, integration of institutional planning with strategic goals and fiscal management, and in-depth analysis and review of the outcomes of this planning process, Planning for Institutional Effectiveness (PIE). The College mission and goals are the foundation for financial planning and are integrated with and support all College planning through the PIE process. PIE is used to ensure “ongoing, true program review and planning” and shows a “closer connection among planning, outcomes assessment, and resource requests” ([III.D.2-1](#)). Every level of the College organization participates in PIE for annual and long-range planning. At the unit level, staff members contribute to the unit’s PIE report. Managers review their units’ PIE and identify required resources in a three-year plan

([III.D.2-2 pg. 13](#)). Vice Presidents review their managers’ PIE reports and prioritize new resource requests for the entire division/department ([III.D.2-3](#)). The new PIE process is a three-year plan that includes Unit, Manager, and Vice President PIE reports that must follow the Budget Review and Development Guide ([I.A.2-9 pg. 4](#)).

Mt. SAC practices a comprehensive institutional review and planning process that integrates College goals and the mission effectively. Institutional planning begins with the start of each PIE planning cycle at the unit level. The completion of the PIE cycle includes the Vice President summaries, which provide a detailed analysis of present and future financial obligations as well as prioritized new resource requests and culminates with the creation of the institutional PIE, written by the Institutional Effectiveness Committee. Campus committees also practice an annual committee review process to align the committees’ functions with strategic goals and the College mission. Board Policies and Administrative Procedures define budget management requirements to ensure financial stability. Sources of revenue create no cash-flow difficulties, insurance is more than adequate to meet College needs, and reserves are sufficient to cover contingencies or emergencies ([I.B.9-10](#)).

Units and managers at Mt. SAC carefully review their current budget to determine what additions might be needed ([III.D.2-4](#)). The process involves:

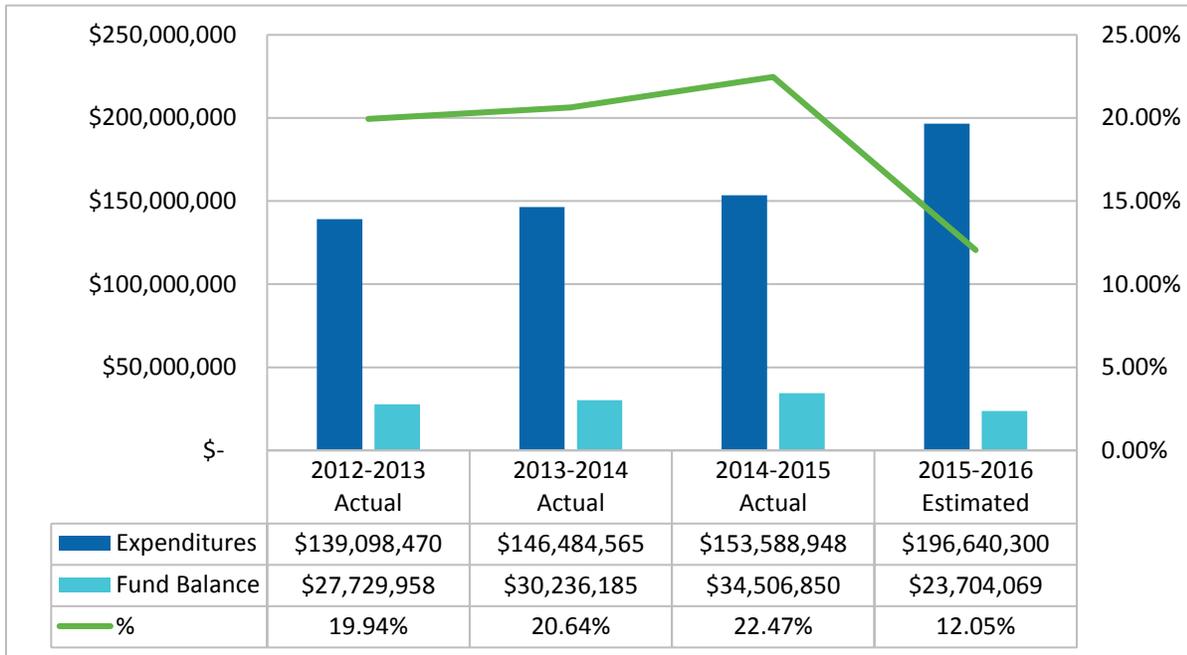
- Managers determine whether each line item is appropriately funded based on the needs of their area and make line-item transfers as necessary to ensure funding is sufficient to provide the programs and services offered.
- Managers determine whether new financial resources are needed for new programs, services, or staff and include the justification in the PIE.
- If new resources are needed, budget managers explain and justify this in PIE, by citing the page number, and making a new resource allocation request ([III.D.2-4](#)).
- New resource requests are reviewed and prioritized by the Vice Presidents.
- President’s Cabinet then reviews all new resource requests to ensure they “support the achievement of one or more College, team, or department goals.”
- Finally, the College President reviews requests and determines which requests will be funded ([III.D.2-3](#)).

This procedure is explained in the PIE instructions, and in the Budget Review and Development Guide ([I.A.2-9 pg. 4](#)). This process allows for openness and transparency. Mt. SAC’S Budget Committee also reviews all PIE reports and new resource allocation requests to determine whether each unit, manager, and Vice President followed established budget procedures, to determine whether the process is effective and meets the requirements of Board Policy, and to inform the campus about institutional effectiveness ([III.D.2-5](#)).

To ensure the College mission and goals are an integral part of this PIE process, the President’s Advisory Council assigns

Strategic Objectives to various units, departments, and programs ([I.A.3-1 pg. 7](#)). These Strategic Objectives as well as department/unit goals are integrated into each unit, manager, and Vice President’s PIE. At the end of the PIE process, each team analyzes how well it met its department/unit goals and College goals. This PIE process has greatly improved the integration of planning with the College mission and goals with all units, departments, programs and services across campus. The process allows participation of employees in academic and administrative departments. The Vice Presidents’ PIE summaries provide the campus community, Board of Trustees, and institutional leaders a very detailed look at how Strategic Objectives and institutional planning are integrated and support the College’s mission.

Mt. SAC’s policies and procedures ensure sound financial practices and financial stability. Board Policy (BP) 6250 requires the College to maintain an unrestricted general fund balance of not less than 10 percent. This substantial unrestricted general fund balance during the past three years has ensured the College’s fiscal stability, particularly during and after the recession. Mt. SAC has not laid off a single permanent district-funded employee for lack of funds in more than a decade, which is a strong indicator of financial stability. Following this policy, the College has also generated unrestricted general fund balances of 12.05 percent, 22.47 percent, 20.64 percent, and 19.94 percent during the current and past fiscal years respectively to meet emergencies and contingencies ([III.D.1-5 pg. 26](#)).



**Figure III.D.2.-1. Unrestricted General Fund Ending Fund Balance (Reserves) as a Percent of Total Expenditures**

Administrative Procedure (AP) 6250 defines the procedures for budget management to ensure compliance with Title 5 ([III.D.2-6](#)). Units and departments may only expend what is proposed in the unit or department’s budget. Transfers may be “made from the reserve for contingencies” with a written resolution approved by a two-thirds vote of the Board of Trustees. Transfers may also be made “between expenditure classifications by written resolution” and a majority vote of the Board of Trustees. Excess funds “must be added to the general reserve” and are not available for appropriation except by resolution of the Board of Trustees. After adoption of the budget, AP 6250 also provides the procedure for “reallocation of certain funds within the budget” via request to the Board of Trustees as pursuant to California Code of Regulations Title 5 Section 58308.

Mt. SAC receives revenues from several sources, which are managed following the procedures outlined in AP 6250 to ensure legal requirements are followed ([III.D.2-6](#)). A majority of the College’s funding comes from base apportionment, accounting for more than 77 percent of the adopted budget. The College also obtains additional funding for categorical programs from line item restricted funds in the state budget, grants, and partnerships ([III.D.1-5 pg. 26](#)). Funding categorical programs continues to be a priority to support student programs and services. The Grants Office oversees the application processes for grants and contracts for various College programs. The Grants Office provides a quarterly report to President’s Cabinet and periodic reports to the Board of Trustees ([I.A.2-10](#)).

During Fiscal Year (FY) 2015-16, the Grants Office monitored 30 active grant

projects for a FY funding level of \$5,966,188 and a total funding level of \$15,863,790. During FY 2015-16, the Grants Office coordinated the development of 13 new applications for a first-year request of \$2,748,578 and a total funding request of \$4,481,600. During FY 2015-16, of the 13 new applications developed, one was a preliminary application invited to submit a full application, nine were awarded, and two are pending. At the end of FY 2015-16, the Grants Office was in the process of developing seven additional grant applications for an estimated first-year request of \$1,045,000 and a total funding request of \$3,945,000. At the end of FY 2015-16, the Grants Office was in the process of developing supporting documents for two partner grant applications, for an estimated first-year request of \$62,000 and an estimated total funding request of \$236,000 ([III.D.2-7 pg. 5](#)).

The Mt. SAC Foundation also supports students and the College with donations for student scholarships, campus projects, and capital campaigns. Nearly \$774,288 was raised in FY 2014-15, which is an increase of 45.3 percent from FY 2013-14 ([III.D.2-8 pg. 21](#)).

With these additional sources of funds, the unrestricted general fund balance, and conservative fiscal practices, Mt. SAC continues its long history of sufficient cash flow and reserves to maintain stability. On the rare occasion when cash flow is weak, Mt. SAC has an effective approach to dealing with this. The College first looks at the unrestricted general fund cash balance. Due to the Board Policy requiring a 10 percent ending balance, the

assumption is that the cash balance could cover operating expenses and payroll for more than one month. This approach is usually a one-time event, such as when the state does not pass a budget on time and does not disburse apportionment for one or more months. For more prolonged periods when cash flow is limited, the College's Fiscal Services Department will also monitor cash on a daily basis and prepare cash flow projections to determine the need for issuing Tax and Revenue Anticipation Notes (TRANs) Another strategy is to utilize inter-fund transfers as approved by the Board of Trustees ([III.D.2-9 pg. 84-85](#), [III.D.2-10 pg. 45](#)).

#### **The College has Policies and Procedures to Ensure Sound Financial Practices and Stability**

Mt. SAC is more than adequately insured to ensure financial stability. The College is required to purchase insurance in accordance with BP/AP 6540 to cover losses that occur to property, employees, and third-party liability. In such instances where the College carries deductibles for losses to property and liability, the College has a trust fund account to cover such losses. An annual analysis is performed by the College service provider and the Director of Safety and Risk Management to ensure that there is sufficient funding ([III.D.2-11](#), [III.D.2-12](#)). An irrevocable trust fund has been established to pay for retiree health benefits, and a biennial actuarial study is conducted by a third party vendor to ensure that funding is adequate and to ensure the necessary reserves to pay outstanding liabilities ([III.D.2-13](#)). Requests for funding resulting from changes in federal, state and/or local

legislation have been addressed through immediate needs requests, new resource allocations, department/general funds, and insurance funds. Losses resulting from an “unforeseen” emergency or catastrophic event would result in an emergency proclamation and may initially result in the use of general fund reserves. In a federal, state, or local declared emergency, the College would be eligible for disaster relief funding. These policies and procedures and the Mt. SAC Board of Trustees’ very conservative fiscal practices ensure compliance with laws and regulations, and the inclusive and comprehensive PIE process at all levels of College operations are indicative of Mt. SAC’s sound fiscal practices and stability.

### **Financial Information is Disseminated throughout the College in a Timely Manner**

Appropriate financial information is disseminated throughout Mt. SAC in a timely manner. One of the goals of the College Budget Committee, a governance committee composed of faculty, classified staff, confidential staff, managers, administrators, and student representatives, is to communicate more effectively with the campus community ([III.D.2-14 pg. 4](#)). On May 6, 2015, the Budget Committee met with the Directors of Marketing and Communication and Public Relations to discuss more effective communication. The outcome of that meeting provided more direction for the Budget Committee to meet this goal. The Vice President of Administrative Services and Associate Vice President of Fiscal Services also provides budget presentations to the committee, President’s Cabinet, and the Board of

Trustees regarding the tentative and adopted budgets ([III.D.2-15](#), [III.D.2-16 pg. 7, 45-60](#)). The Institutional Effectiveness Committee (IEC), which is responsible for reviewing and improving the PIE process, also communicates with the appropriate budget managers about procedures, timelines, and deadlines as well as assistance with the PIE forms ([III.D.2-1](#)). The Budget Committee and IEC also coordinate calendars so PIE and budget calendar timelines are aligned. This alignment of program review, budget allocation, and strategic planning derives from the Strategic Plan ([I.A.3-1 pg. 23-24](#)). This information is then disseminated to all budget managers and other appropriate staff ([III.D.2-17](#)). The College President also uses his weekly Cabinet Action Notes to disseminate information about budget matters. Budget transfer and reallocation information is also presented for public review and comment in Board of Trustees agendas when necessary ([III.D.2-18 pg. 25-29](#)). This information is given in advance to constituent group leaders and discussed with the President prior to the Board meeting. Fiscal Services consistently sends out e-mail messages to the College employee Listserv regarding information about year-end deadlines ([III.D.2-19](#)).

### **Analysis and Evaluation**

Mt. San Antonio College’s (Mt. SAC’s) mission and goals are the foundation for financial planning that is integrated with and supports all College planning. The College has policies and procedures to ensure sound financial practices and stability. Appropriate financial information is disseminated in a timely manner.

### Accomplishments and Outcomes

- The College mission and goals are the foundation for financial planning and are integrated with and support all College planning.
- Mt. SAC is more than adequately insured to ensure financial stability.
- Appropriate financial information is disseminated throughout the College in a timely manner.

### List of Evidence

|            |   |
|------------|---|
| I.A.2-9    | <a href="#">Budget Review and Development Guide 2016</a> pg. 4                    |
| I.A.2-10   | <a href="#">Grants Office Annual Report FY 2014-15</a>                            |
| I.A.3-1    | <a href="#">Strategic Plan 2015-17</a> pg. 7                                      |
| I.A.3-1    | <a href="#">Strategic Plan 2015-17</a> pg. 23-24                                  |
| I.B.9-10   | <a href="#">President's Cabinet New Resource Allocations Table</a>                |
| III.D.1-5  | <a href="#">Adopted Budget 2015-16</a> pg. 26                                     |
| III.D.2-1  | <a href="#">Unit PIE Memo 2015</a>  |
| III.D.2-2  | <a href="#">Information Technology PIE 2014-15</a> pg. 13                         |
| III.D.2-3  | <a href="#">New Resource Allocation Request Summary 2015</a>                      |
| III.D.2-4  | <a href="#">Tentative Budget Memo 2016-17</a>                                     |
| III.D.2-5  | <a href="#">Budget Committee Summary 2-4-2015</a>                                 |
| III.D.2-6  | <a href="#">AP6250 Budget Management</a>  |
| III.D.2-7  | <a href="#">Pie Worksheet - Grants Office 2014-15</a> pg. 5                       |
| III.D.2-8  | <a href="#">Foundation Funds Raised in 2014-15</a> pg. 21                         |
| III.D.2-9  | <a href="#">TRANS Official Statement 2013</a> pg. 84-85                           |
| III.D.2-10 | <a href="#">Temporary Inter-fund Cash Borrowing</a> pg. 45                        |
| III.D.2-11 | <a href="#">BP6540 Insurance</a>  |
| III.D.2-12 | <a href="#">AP6540 Insurance</a>  |
| III.D.2-13 | <a href="#">Actuarial 03-01-14</a>  |
| III.D.2-14 | <a href="#">Budget Committee Plan and Goals 2014-15</a> pg. 4                     |
| III.D.2-15 | <a href="#">Cabinet Notes 6-9-2015</a>  |
| III.D.2-16 | <a href="#">Adopted Budget 2015-16 Board Presentation</a> pg. 7, 45-60            |
| III.D.2-17 | <a href="#">Joint Budget - IEC Meeting 2015</a>                                   |
| III.D.2-18 | <a href="#">November Board of Trustees Agenda - Fund Transfers 2015</a> pg. 25-29 |
| III.D.2-19 | <a href="#">Deadlines Memo 5-8-2015</a>   |

### III.D.3.

*The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.*

#### Evidence of Meeting the Standard

##### The College Defines and Follows Guidelines and Processes for Financial Planning and Budget Development

For the past two years, Mt. San Antonio College (Mt. SAC) has developed and implemented significant refinements to its Planning for Institutional Effectiveness (PIE) process. The procedures have been more clearly defined, a comprehensive analysis of outcomes follows each cycle of the PIE process, and the process itself has been aligned to match the budget development process. The result has been a much more comprehensive planning and budgeting process. The planning process is clearly documented. The Institutional Effectiveness Committee (IEC) oversees PIE and consists of representatives from all constituent groups ([I.A.3-6](#)). IEC establishes PIE processes and procedures based on input from all constituent groups. At the end of each PIE cycle, IEC reviews each of the Vice President summaries and the Institutional PIE to determine effectiveness of the PIE process. IEC reports the results of this analysis to the President's Advisory Council (PAC). The PIE process and procedures are clearly defined for budget managers and unit member participants ([III.D.2-1](#)). The

budget development calendar and guidelines are clearly documented in Board Policy (BP) 6250, which defines budget management ([III.D.3-1](#)). Administrative Procedure (AP) 6250 defines budget practices and processes, which must be followed, including appropriate codes and regulations ([III.D.2-6](#)). The Budget Review and Development Guidelines are developed and maintained by the campus Budget Committee as required in AP 6200 Budget Preparation ([I.A.2-9](#)). All constituent groups are represented in the Budget Committee.

In 2013, Mt. SAC's Research and Institutional Effectiveness Department conducted a climate survey of its employees, which showed that 58 percent reported that they believe Mt. SAC's mission is central to all planning activities. Under half report that they understand the PIE process (45 percent) and would like more information on the relationship between PIE and the budget process (45 percent)" ([III.D.3-2 pg. 8](#)) Since that time IEC has focused on engaging the College and has as one of their functions a focus on informing the campus about institutional effectiveness efforts. Additionally, weekly President's Cabinet Notes provide an opportunity for employees to understand resource allocation processes ([I.B.9-10](#)).

##### Constituencies have Opportunities to Participate in Development of Institutional Plans and Budgets

Mt. SAC has an effective institutional planning and budgeting process. All constituencies have a place on the Budget

Committee and IEC. IEC is the committee that is at the core of College planning. For program review, faculty, staff, and managers at the unit level produce unit PIEs which drive the planning and budgeting process. This process is transparent as prioritization of budget requests move from unit level to division level to team level to Budget Committee to President’s Cabinet ([III.D.2-4](#)). The College is committed to making planning a fully inclusive process at all levels of the College. The College is confident that its planning and budget development process is clearly defined in policies and procedures. The College is also confident that these processes and procedures are followed. Using a continuous improvement process over the past few years is at the heart of the Colleges’ work in this area. The evaluation and improvement process is continuing with the recently formed work group. A budget subcommittee group with faculty, classified, and management representation was tasked to review and

update the Budget Review and Development Process Guide. The first draft of the revised document was presented to the Budget Committee on Sept. 12, 2016 ([III.D.2-4](#)). The final document is expected to be released by the end of fall 2016.

### Analysis and Evaluation

Mt. San Antonio College (Mt. SAC) clearly defines and follows its guidelines and processes for financial planning and budget development. All constituencies have opportunities to participate in the development of institutional plans and budgets.

### Accomplishments and Outcomes

- Mt. SAC has developed a comprehensive planning and budgeting process.
- The College has an effective institutional planning and budgeting process.

### List of Evidence

|           |  |
|-----------|--|
| I.A.2-9   | <a href="#">Budget Review and Development Guide 2016</a>                             |
| I.A.3-6   | <a href="#">Institutional Effectiveness Committee Purpose, Function, and Members</a> |
| I.B.9-10  | <a href="#">President's Cabinet New Resource Allocations Table</a>                   |
| III.D.2-1 | <a href="#">Unit PIE Memo 2015</a>   |
| III.D.2-4 | <a href="#">Tentative Budget Memo 2016-17</a>  |
| III.D.2-6 | <a href="#">AP6250 Budget Management</a>   |
| III.D.3-1 | <a href="#">BP6250 Budget Management</a>   |
| III.D.3-2 | <a href="#">Employee Climate Survey</a> pg. 8  |

### III.D.4.

*Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.*

#### Evidence of Meeting the Standard

##### College Planning is Based on Realistic Assessment

The institutional planning process at Mt. San Antonio College (Mt. SAC) reflects a realistic assessment of financial resource availability, development of financial resources, and expenditure requirements. The process begins in January as Fiscal Services starts to build the anticipated budget. In February/March when the College receives its final apportionment calculation of the previous year, Fiscal Services prepares a preliminary tentative budget for the following fiscal year, which includes estimates of full-time salaries. On March 1, Fiscal Services distributes the status quo budget templates to budget managers with projected salaries for the next fiscal year ([III.D.4-1](#), [III.D.4-2](#)). Budget managers make the necessary adjustments in alignment of the budget allocated to their department. They are not allowed, at this point, to increase their budget. According to the budget process, the College identifies new resource needs in anticipation of the new resource allocation process. The College's Strategic Plan includes a timeline of an alignment of the budget, Planning for Institutional Effectiveness (PIE), and Strategic Planning processes ([I.A.3-1 pg. 23-24](#)). In April, budget managers identify new resource needs, prepare supporting

documentation, and prioritize the requests at the unit/department level as part of the PIE process ([III.D.4-3](#), [III.D.4-4](#)). In May, new resource needs are prioritized at the Vice Presidents' level. At President's Cabinet, the Vice President make recommendations for the funding of prioritized new resource requests, and the President makes the final decision for funding ([I.B.9-10](#)).

New resource requests are prioritized at all levels according to educational and operational needs, and in alignment with the mission of the College. The Budget Committee reviews and evaluates the process and makes recommendations to PAC to revise or update as necessary ([III.D.4-5](#)). The Budget Committee does not review or prioritize the specific new resource requests. Based on the Governor's May Revise budget, President's Cabinet identifies funds for new resources. Fiscal Services prepares the budget scenarios that reflect the most recent revenue estimates based on the Governor's May Revise. President's Cabinet determines which of the revenue estimates will be used for the tentative budget ([III.D.2-15](#)). Typically, the more conservative budget scenario is selected. The College's process is flexible enough to recognize when additional sources of revenue are identified and immediately begins the new resources allocation process to fund the educational and operational needs for the College in a timely manner ([III.D.4-6](#), [III.D.4-2](#)). The President's Cabinet identifies new sources of revenue to fund the highest priority of new resource allocations. The immediate needs process allows funding for

immediate needs and can be submitted year-round when emergency funding is needed ([III.D.4-7](#), [III.D.4-8](#)).

Administrative Procedure (AP) 6610 identifies a process to fund emergency or urgent facilities improvement and equipment replacement to address unforeseen or emergent conditions ([III.D.1-11](#)).

Individuals involved in institutional planning receive accurate information about available funds, including the annual budget showing ongoing and anticipated fiscal commitments. The revenue estimates developed in May are distributed directly to the Budget Committee and to the campus community via the President's Cabinet Action Notes. The Vice President of Administrative Services provides periodic updates to the President's Advisory Council (PAC). Constituent group leaders are represented on the Budget Committee and PAC and provide information and analysis to their respective groups ([III.D.4-6](#), [III.D.2-15](#), [III.D.4-9](#)). The Tentative Budget is reviewed at Budget Committee, at PAC, and is presented to and approved by the Board of Trustees annually in June ([III.D.4-10](#) [pg. 6, 22-103](#)). The Adopted Budget is reviewed at the Budget Committee, is presented to PAC and approved by the Board of Trustees annually in September ([III.D.2-16](#) [pg. 7, 45-60](#)). Paper and electronic copies of the budget reports are made available to the entire campus. Once the Board of Trustees approves the budget, detailed information is available in the Banner System in real time 24/7 for individuals involved in institutional planning and operations.

Facilities Planning and Management maintains a financial commitment log for all facilities projects. The commitment log is used to track available finances for each project from a variety of sources, including Measure R and Measure RR bond funds, interest earned on bond funds deposited with the county treasury, Bond Anticipation Notes, Certificate of Participation (COPS) loans, redevelopment funds, general funds set aside for capital outlay purposes, energy funds, including Prop. 39, utility incentive payments, and energy project loans. A summary report for each fund source is prepared quarterly and reviewed by the Facilities Advisory Committee, Campus Master Plan Coordinating Team (CMPCT), Citizens' Oversight Committee, and the Board of Trustees ([III.D.4-11](#), [III.D.4-12](#)). The summary reports provide a basis for the funding approval of individual projects by accurately identifying available resources from all sources. The report reflects changes in project budgets due to unforeseen conditions, College approved changes to project scope of work, approved contractor change requests, and architect errors and omissions. External factors, such as the state budget, create opportunities for the College to react in a timely manner to the situation. As such, the timeline developed is used as a guide. The College must have fluid processes that allow it to appropriately be proactive to new budget issues (either increases or decreases).

### **College Partnerships Exist to Support Student Learning**

Mt. SAC hosts a Center of Excellence (COE) for Labor Market Research. The COE provides regional workforce information and insight for California community

colleges, regions, and sector networks to: 1) identify opportunities and trends in high-growth, emerging, and economically critical industries and occupations; 2) estimate the gap between labor market demand, available training, and existing or future workers; and 3) help regions respond to workforce needs by providing them quality information for decision-making. Data provided by the COE helps to inform new CTE program development.

In addition, the College regularly pursues grant funding to support the development and/or implementation of new CTE programs. Mt. SAC has received funding from the U.S. Department of Labor, the National Science Foundation, and the California Community College Chancellor's Office to support emerging CTE programs. Examples include certificates and degrees in cybersecurity, building automation, and industrial design engineering.

The College has a relationship with Foothill Transit to provide bus passes to students at a nominal cost ([III.D.4-13 pg. 121](#)). Credit students pay for the cost of these bus passes, which was approved by the Associated Students in November 2014. In April 2015, members of CMPCT met with representatives from Foothill Transit to begin planning for a joint use transit center on campus. As of December 2015, a preliminary site plan has been developed that would provide expanded service to students and staff, a new intersection along Temple Avenue, a pedestrian pathway linking the athletics area south of Temple Avenue to the main campus, and an accessible pathway from the transit center to the center of campus. As of December 2015, staff has

initiated efforts to submit a proposal for grant funding for elements of the transit center under the Affordable Housing and Sustainable Communities program established by SB 862.

Other partnerships include:

- Mt. SAC has a unique connection with Southern Illinois University (SIU). Students completing an Associate of Science (A.S.) degree at Mt. SAC can enter the SIU Bachelor of Science degree program in Aviation Management immediately after the completion of their A.S. degree. This program is held in Mt. SAC classrooms on the weekends ([III.D.4-14](#)).
- The California Community College - Investor Owned Utility (CCC-IOU) Partnership provides support and funding to develop and implement energy efficiency measures across campus.

### **Analysis and Evaluation**

Mt. San Antonio College (Mt. SAC) planning reflects realistic assessments of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

### **Accomplishments and Outcomes**

- Through the institutional planning process at Mt. SAC a realistic assessment of financial needs is directly tied to resource allocation.
- Individuals involved in institutional planning receive accurate information about available funds.
- Mt. SAC has partnerships with outside entities.

## List of Evidence

|            |  |
|------------|--|
| I.A.3-1    | <a href="#">Strategic Plan 2015-17</a> pg. <a href="#">23-24</a>   |
| I.B.9-10   | <a href="#">President's Cabinet New Resource Allocations Table</a>   |
| III.D.1-11 | <a href="#">AP6610 Facilities Project Prioritization</a>   |
| III.D.2-15 | <a href="#">Cabinet Notes 6-9-2015</a>   |
| III.D.2-16 | <a href="#">Adopted Budget 2015-16 Board Presentation</a> pg. <a href="#">7</a> , <a href="#">45-60</a>    |
| III.D.4-1  | <a href="#">Budget Development Memo 2015-16</a>  |
| III.D.4-2  | <a href="#">Budget Scenario 2015-16</a>  |
| III.D.4-3  | <a href="#">Budget Committee and Institutional Effectiveness Committee Meeting</a>                         |
| III.D.4-4  | <a href="#">Budget Development Calendar 2016-17</a>  |
| III.D.4-5  | <a href="#">Memory Budget Committee 9-16-2015</a>  |
| III.D.4-6  | <a href="#">Memory Budget Committee 6-3-2015</a>   |
| III.D.4-7  | <a href="#">Cabinet Notes 12-9-2014</a>  |
| III.D.4-8  | <a href="#">Immediate Needs 12-9-2014</a>  |
| III.D.4-9  | <a href="#">President Advisory Council Minutes 6-10-2015</a>   |
| III.D.4-10 | <a href="#">Tentative Budget 2015-16 Board Presentation</a> pg. <a href="#">6</a> , <a href="#">22-103</a> |
| III.D.4-11 | <a href="#">Measure R Budget Report 11-2015</a>  |
| III.D.4-12 | <a href="#">Measure RR Budget Report 11-2015</a>   |
| III.D.4-13 | <a href="#">MOU with Foothill Transit</a> pg. <a href="#">121</a>  |
| III.D.4-14 | <a href="#">Contract Aviation Management Program</a>   |

### III.D.5.

*To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. The institution regularly evaluates its financial management practices and uses the results to improve internal control systems.*

#### Evidence of Meeting the Standard

##### Internal Control Structure has Appropriate Control Mechanisms

Financial planning at Mt. San Antonio College (Mt. SAC) aligns with the institutional goals in the Planning for Institutional Effectiveness (PIE) process and is integrated with the planning processes of the College for ongoing and new resource allocations. This process permits input from each department, division, and instructional unit as well as executive management to ensure adequate financial resources are directed toward College goals ([III.D.5-1](#), [III.D.5-2](#)). While instructional units are responsible for their respective budgets, the President's Cabinet is the final approving body before presentation to the Board of Trustees. This approach has worked well for the College and provides oversight of revenue and expenditures. Multiple constituents participate in this process, including faculty, staff, managers, and College executives. In addition, the Board's policy to require a 10 percent reserve has enabled the College to remain

fiscally solvent in times of financial uncertainty with the state budget providing sufficient resources to support the College's mission and goals, student learning, and other services ([III.D.5-3](#)).

Once the final budget is approved by the Board of Trustees, it is uploaded to the Banner Finance System. Managers and staff responsible for budgets have access to this system 24/7 and can submit purchase requisitions online. The system validates for sufficient budget and appropriate manager for approval before the purchase order is prepared.

The College engages independent auditors to perform an external audit of the College's finances on an annual basis. College audit reports for the three years ending June 30, 2013, 2014, and 2015, respectively have obtained unmodified audit opinions for the past three years. An unmodified opinion is the best opinion that a college can obtain. Additional reports are made available to all constituents via the College's website. Internal controls are evaluated and reviewed annually during the financial audit. The audits demonstrate high integrity of financial management practices and internal controls. The College has continuously received unmodified (best opinion) audit opinions, which means the financial statements present fairly, in all material respects, the College's financial position and there were no deficiencies in the internal controls such as material weaknesses or reportable conditions ([III.D.5-4 pg. 5, 115, III.D.5-5, III.D.5-6](#)).

### **The College Widely Disseminates Dependable and Timely Information for Sound Financial Decision-making**

Board Policies (BPs) and Administrative Procedures (APs) at Mt. SAC regulate the budget processes. The College President makes an annual budget presentation to the Board of Trustees (BP 6200). The budget is prepared in accordance with Title 5 of the California Code of Regulations and with the California Community Colleges Budget and Accounting Manual (BP 6200, 6250). The General Fund supports the College's mission, educational plans and their goals and priorities (BP 6200). The College's budgetary process includes review and input from the College's Budget Committee (AP 6200) and the College's budgetary process allows for revisions and appropriation transfers, as needed by individual units within guidelines specified in AP 6250 ([III.D.5-3](#), [III.D.3-1](#), [III.D.5-7](#), [III.D.2-6](#)). The information that comes out of these reviews and the budget process is disseminated in a timely manner.

Mt. SAC's Budget Committee develops and evaluates budget policies and processes and reports their recommendations to the President's Advisory Council ([I.A.3-1 pg. 23-24](#)). Membership for each of these committees allows opportunities for participation from all constituent groups on campus ([III.D.5-8](#)). The committee publishes various resources to explain the process such as A Guide to Mt. SAC's Budget Review and Development and the Budget Review and Development Guide ([III.D.5-9](#), [I.A.2-9](#)).

### **The College Regularly Evaluates Its Financial Management Practices and Uses the Results to Improve**

The College consistently evaluates and improves its financial management practices through the following processes:

- Internal controls are reviewed on a daily basis (e.g., separation of duties, custody of assets, reconciliation). The College's Fiscal Independence and the College's Audits indicate that the College's internal controls are effective.
- External audits provide feedback on the College's practices and alignment with general accounting principles and Government Auditing Standards. The College continues to have unmodified audits.
- Fiscal Services Department is responsible to oversee all financial transactions of the College and ensure that they are accurate and have appropriate management oversight. The transactions are audited by Fiscal Services personnel at all levels. Personnel ensure that the integrity and legality of the transactions are evaluated. Fiscal independence and the external audits demonstrate that this process is effective.
- The College's annual independent audit is conducted in accordance with Government Auditing Standards. The audit evaluates the College's internal control over financial reporting and tests compliance with pertinent laws, regulations, contracts, grant agreements. The College continues to have unmodified audits.
- The LA County Office of Education performs an oversight review every year since Mt. SAC became fiscally

independent. Based on the Los Angeles County Office of Education Fiscal Independence oversight for fiscal years 2012-13, 2013-14, and 2014-15, the College has adequate internal control procedures in place and materially complied with the required accounting controls prescribed by the Board of Governors ([III.D.1-26](#), [III.D.1-27](#), [III.D.1-28](#), [III.D.1-29](#)).

### Analysis and Evaluation

The internal control structure at Mt. San Antonio College (Mt. SAC) assures financial integrity and responsibility by having appropriate control mechanisms. Dependable and timely information is

widely disseminated for sound financial decision making. The College regularly evaluates its financial management practices and uses the results to improve internal control systems.

### Accomplishments and Outcomes

- Mt. SAC has in place a process that has worked well for the College and provides oversight of revenue and expenditures.
- Information regarding the review and implementation of budget process is disseminated in a timely manner.
- Annually, Mt. SAC evaluates its current and future budgetary and resource needs through the PIE process.

### List of Evidence

|            |   |
|------------|---|
| I.A.2-9    | <a href="#">Budget Review and Development Guide 2016</a>                  |
| I.A.3-1    | <a href="#">Strategic Plan 2015-17</a> pg. <a href="#">23-24</a>          |
| III.D.1-26 | <a href="#">Fiscal Independence Oversight FY 2012-13</a>                  |
| III.D.1-27 | <a href="#">Fiscal Independence Oversight FY 2013-14</a>                  |
| III.D.1-28 | <a href="#">Response to Fiscal Oversight 2013-14</a>                      |
| III.D.1-29 | <a href="#">Fiscal Independence Oversight FY 2014-15</a>                  |
| III.D.2-6  | <a href="#">AP6250 Budget Management</a>                                  |
| III.D.3-1  | <a href="#">BP6250 Budget Management</a>                                  |
| III.D.5-1  | <a href="#">PIE Summary 2012-13</a>                                       |
| III.D.5-2  | <a href="#">PIE Summary 2011-12</a>                                       |
| III.D.5-3  | <a href="#">BP6200 Budget Preparation</a>                                 |
| III.D.5-4  | <a href="#">Audit 2014-15</a> pg. <a href="#">5</a> , <a href="#">115</a> |
| III.D.5-5  | <a href="#">Audit 2013-14</a>   |
| III.D.5-6  | <a href="#">Audit 2012-13</a>   |
| III.D.5-7  | <a href="#">AP6200 Budget Preparation</a>                                 |
| III.D.5-8  | <a href="#">Budget Committee Purpose, Function, and Members 2015</a>      |
| III.D.5-9  | <a href="#">Budget Timeline</a>   |

### III.D.6.

*Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.*

#### Evidence of Meeting the Standard

##### Financial Documents have a High Degree of Credibility and Accuracy

Financial documents at Mt. San Antonio College (Mt. SAC), including the budget, have a high degree of credibility and accuracy. The audit statements indicate the institutional budget is an accurate reflection of institutional spending. In the auditor's opinion, the financial statements fairly present the financial position of the College and are in accordance with generally accepted accounting principles. The College has received an unmodified opinion from the financial auditors for the past three years ([III.D.5-4 pg. 5, 115](#), [III.D.5-5 pg. 5, 104](#), [III.D.5-6 pg. 5, 104](#)). The explanations of budget variances are documented in each adopted budget ([III.D.1-5 pg. 17](#)).

The College's approved procedures on the unrestricted general fund budget require that it does not include revenue until it is earned. For example, the funding received for growth full-time equivalent students (FTES) is not budgeted until the following year. New resource allocations are for one year to be sure the revenue is secure before making the allocation ongoing in the second year. This conservative budget process has served the College well in both good and bad budget years.

Campus constituent group leaders, including Associated Students, Academic Senate, Faculty Association, Classified Senate, California School Employees Association CSEA 262 and CSEA 651, and managers, were emailed and asked if their constituents felt the institutional budget is an accurate reflection of the institutional spending.

They reported their constituents have confidence in the budget because the College is fiscally strong; however, the perception among constituents is that the College is over-budgeting and underspending. This perception may be the result of the budgeting process. Constituents would appreciate a clearer explanation of how changes throughout the year can affect the budget ([III.D.6-1](#)). The budget development process is currently being reviewed and updated by the Budget Committee. The updated process will help improve communication with the campus constituents so there is a clearer understanding of the new resource allocation and budget development processes ([III.D.6-2](#)).

##### Allocation and Use of Resources are Appropriate to Support Student Learning

Financial documents reflect appropriate allocation and use of financial resources to support student learning programs and services. Resource allocations are based on the needs of each unit or department, as defined in the Planning for Institutional Effectiveness (PIE) process ([III.D.2-1](#)). The College mission and goals guide the institutional planning and assessment processes ([III.C.3-5](#), [III.D.6-3](#), [II.A.2-7](#), [I.B.2-17](#)). Each unit or department's

Planning for Institutional Effectiveness Plan (PIE) demonstrates a connection between planning, outcomes assessment and resource requests ([III.D.6-4](#), [III.D.6-5](#), [III.D.6-6](#), [III.D.6-7](#)). The College is currently utilizing a new PIE document that demonstrates the progress each unit or department has made with the resources they have obtained.

### Analysis and Evaluation

Financial documents at Mt. San Antonio College (Mt. SAC), including the budget, have a high degree of credibility and

accuracy and reflect appropriate allocation and use of financial resources to support student learning programs and services.

### Accomplishments and Outcomes

- Mt. SAC’s audit statements indicate the institutional budget is an accurate reflection of institutional spending.
- Each unit or department’s Planning for Institutional Effectiveness (PIE) demonstrates a connection between planning, outcomes assessment, and resource requests.

### List of Evidence

|           |   |
|-----------|---|
| I.B.2-17  | <a href="#">VP PIE Student Services Outcomes 2015-16</a>                  |
| II.A.2-7  | <a href="#">Vice President of Instruction PIE 2015-16</a>                 |
| III.C.3-5 | <a href="#">Vice President's PIE Administrative Services 2015</a>         |
| III.D.1-5 | <a href="#">Adopted Budget 2015-16</a> pg. <a href="#">17</a>             |
| III.D.2-1 | <a href="#">PIE Memo 01-22-2015</a>                                       |
| III.D.5-4 | <a href="#">Audit 2014-15</a> pg. <a href="#">5</a> , <a href="#">115</a> |
| III.D.5-5 | <a href="#">Audit 2013-14</a> pg. <a href="#">5</a> , <a href="#">104</a> |
| III.D.5-6 | <a href="#">Audit 2012-13</a> pg. <a href="#">5</a> , <a href="#">104</a> |
| III.D.6-1 | <a href="#">Constituent Credibility Survey 2015</a>                       |
| III.D.6-2 | <a href="#">Budget Committee Minutes 5-6-2015</a>                         |
| III.D.6-3 | <a href="#">Vice President of Human Resources PIE 2015-16</a>             |
| III.D.6-4 | <a href="#">PIE Report Human Resources 2013-14</a>                        |
| III.D.6-5 | <a href="#">PIE Report Administrative Services 2013-14</a>                |
| III.D.6-6 | <a href="#">PIE Report Instructional Services 2013-14</a>                 |
| III.D.6-7 | <a href="#">PIE Report Student Services 2013-14</a>                       |

### III.D.7.

*Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.*

#### Evidence of Meeting the Standard

Mt. San Antonio College's (Mt. SAC) responses to external audit findings are comprehensive, timely, and communicated appropriately. External audit findings are reported to the Board of Trustees annually in December. Constituent groups and institutional leaders attend Board of Trustee's meetings. The meeting agendas and minutes are posted and available online ([III.D.7-1 pg. 7](#), [III.D.7-2 pg. 7](#), [III.D.7-3 pg. 6](#)). The Associate Vice President, Fiscal Services, notifies the appropriate Vice President, dean or director to resolve any audit findings ([III.D.7-4](#)). Any audit finding or questioned costs are corrected within the next audit cycle ([III.D.5-5 pg. 105](#), [III.D.5-6 pg. 108](#), [III.D.7-5 pg. 98-101](#)). The Board of Trustees is presented with financial updates by the Vice President of Administrative Services and Associate Vice President of Fiscal Services throughout the year ([III.D.7-6](#)). The Vice President of Administrative Services and the Associate Vice President of Fiscal Services present budget and fiscal conditions to the President's Cabinet. The President distributes Cabinet Action Notes

to the campus community, weekly, via email. This report contains a summary of what was reported to Cabinet, including updated budget information, fiscal conditions, and financial planning ([III.D.7-7](#)). Budget and fiscal conditions are presented and discussed at the Budget Committee meetings where all constituent groups are represented ([III.D.7-8](#), [III.D.7-9](#), [III.D.7-10](#)). The Institutional Effectiveness Committee and the Budget Committee jointly aligned the planning calendars for Budget, Planning for Institutional Effectiveness (PIE), and Strategic Planning. This process allows the PIE plans to be used in a more authentic and timely manner for resource allocation ([III.D.2-1](#), [II.A.2-7](#), [I.A.3-1 pg. 23-24](#)).

#### Analysis and Evaluation

Mt. San Antonio College's (Mt. SAC's) responses to external audit findings are comprehensive, timely, and communicated appropriately.

#### Accomplishments and Outcomes

- External audit findings are reported to the Board of Trustees annually in December.
- The Vice President of Administrative Services and the Associate Vice President of Fiscal Services present budget and fiscal conditions to the President's Cabinet.
- Budget and fiscal conditions are presented and discussed at the Budget Committee meetings where all constituent groups are represented.

## List of Evidence

|            |  |
|------------|--|
| I.A.3-1    | <a href="#">Strategic Plan 2015-17</a> pg. <a href="#">23-24</a>           |
| II.A.2-7   | <a href="#">Vice President of Instruction PIE 2015-16</a>                  |
| III.D.2-1  | <a href="#">PIE Memo 1-22-2015</a>   |
| III.D.5-5  | <a href="#">Audit 2013-14</a> pg. <a href="#">105</a>                      |
| III.D.5-6  | <a href="#">Audit 2012-13</a> pg. <a href="#">108</a>                      |
| III.D.7-1  | <a href="#">Board of Trustees Minutes 12-10-2014</a> pg. <a href="#">7</a> |
| III.D.7-2  | <a href="#">Board of Trustees Minutes 12-11-2013</a> pg. <a href="#">7</a> |
| III.D.7-3  | <a href="#">Board of Trustees Minutes 12-12-2012</a> pg. <a href="#">6</a> |
| III.D.7-4  | <a href="#">Audit Finding Email Notification 11-21-2015</a>                |
| III.D.7-5  | <a href="#">Audit 2011-12</a> pg. <a href="#">98-101</a>                   |
| III.D.7-6  | <a href="#">Budget Update Board of Trustees meeting 02-22-2014</a>         |
| III.D.7-7  | <a href="#">President Cabinet Notes 02-11-2014</a>                         |
| III.D.7-8  | <a href="#">Budget Committee Minutes 12-03-2014 1 of 2</a>                 |
| III.D.7-9  | <a href="#">Budget Committee Minutes 12-03-2014 2 of 2</a>                 |
| III.D.7-10 | <a href="#">Budget Development Calendar 2014-15</a>                        |

### III.D.8

*The institution's financial and internal control systems are evaluated and assessed for validity and effectiveness, and the results of this assessment are used for improvement. Evidence of Meeting the Standard*

#### Evidence of Meeting the Standard

##### Financial and Internal Control Systems are Evaluated and Assessed

The Mt. San Antonio College District's (Mt. SAC) internal controls are evaluated and assessed by external auditors, the Los Angeles County Office of Education, and management. Internal controls are evaluated and reviewed annually during the financial audit. The audits demonstrate high integrity of financial management practices and internal controls. The College has continuously received unmodified (best opinion) audit opinions, which means the financial statements are in accordance with generally accepted accounting principles and there were no deficiencies in the internal controls, such as material weaknesses or reportable conditions ([III.D.5-4 pg. 5, 115](#)). Expenditures from special funds are made in a manner consistent with the intent and requirements of the funding source. For fiscal years ending June 30, 2013, June 30, 2014, and June 30, 2015, Mt. SAC received unmodified audit opinions on compliance with federal and state programs. There was an audit finding of noncompliance related to the timely reporting of sub award data for the Advance Technologies Education – Cyber

Watch totaling \$279,464 for fiscal year 2012-13 under the Federal Funding Accountability and Transparency Act Subaward Reporting System. The College corrected the reporting immediately ([III.D.5-5 pg. 106, III.D.5-6 pg. 106](#)). The College's special funds are audited or reviewed by funding agencies regularly. In fact, the outstanding work done with the Federal "Building Pathways of Persistence and Completion," Title V grant for \$3.2 million is a model for grant programs ([III.D.8-1](#)). Bond expenditures are consistent with regulatory and legal restrictions. The College has a history of receiving unmodified audit opinions for financial audits and performance audits. The College's General Obligation Bonds 2001 Election, 2006 Series C was audited in 2014 by the Department of Treasury, Internal Revenue Service. The outcome was favorable to the College, and the audit was closed ([III.D.1-30](#)).

Based on the Los Angeles County Office of Education Fiscal Independence oversight for fiscal years 2012-13, 2013-14, and 2014-15, the College has adequate internal control procedures in place and materially complied with the required accounting controls prescribed by the Board of Governors ([III.D.1-26, III.D.1-27, III.D.1-28, III.D.1-29](#)). The College was approved for Fiscal Independence status, effective July 1, 2012. This status allows the College to have broad authority to issue warrants without review or approval of the Los Angeles County Superintendent of Schools or the Los Angeles County Auditor/Controller. The Fiscal Independence status recognizes the College's competence, minimizes the

duplication of efforts between the College and the Los Angeles County Superintendent of Schools, and grants increased control at the local level, while maintaining adequate safeguards over the expenditures of public funds. With the Fiscal Independence, the Los Angeles County Superintendent of Schools' role is to provide fiscal oversight with an annual review. If at any time the Los Angeles County Superintendent of Schools determines that the accounting controls of the College become inadequate, he or she may recommend to the Board of Governors that approval of Fiscal Independence be revoked effective the first day of the following fiscal year ([III.D.8-2](#), [III.D.8-3](#)). Fiscal oversight is conducted based on the following accounting control standards prescribed by the Board of Governors:

- **Standard 1: Adequate Fund Balance** - The College has avoided deficit balances in its funds and has maintained a prudent reserve in its unrestricted general fund over the preceding five fiscal years;
- **Standard 2: Statute and Governing Board** - The College makes only lawful and appropriate expenditures in carrying out the programs authorized by the governing board;
- **Standard 3: Adequate Internal Controls** - The staff of accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments are adequate in numbers and skill level to administer administrative programs independent of detailed review by the county office of education and to provide an internal audit function that assures adequate internal controls; and

- **Standard 4: Legality and Propriety of Transactions** – The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments exercise independent judgment to assure the legality and propriety of transactions.

#### **Assessment Results are Used for Improvement**

Fiscal Services regularly evaluates Mt. SAC's financial internal controls and management processes. The results of the evaluations are used to improve financial management systems. As an example, the College has implemented online budget transfer and the use of the purchasing card to improve efficiencies while maintaining good internal controls. Mt. SAC maintains its budget and accounting records using the Banner system. Departments are able to track their transactions in real time 24/7. The College initially implemented online purchase requisitioning for campus departments in December 2007. This process allows automatic validation of sufficient budget, and online requisitions are routed to the appropriate manager and approved electronically via web. The College implemented the online budget transfer portion in September 2014 as departments had the need to reallocate their budget(s), or increase their budget(s) for new sources of funding, such as grants, prior to processing their requisitions or expenditures. The implementation of this process included the assessment of the internal controls. Separation of duties was evaluated to route the approval of the online budget transfers to the respective manager at the department level and within the Fiscal

Services department. In addition, the development of the process included validation of account codes, dates, and sufficient budget to properly record the transactions ([III.D.8-4](#)). The College implemented the use of purchasing cards for small dollar supply purchases and travel expenses in 2015. This was an effort to improve efficiencies to trim the traditional paper and labor-intensive procurement process. The implementation began with a small pilot group of employees to allow Fiscal Services assessment and testing of internal controls. Fiscal Services created procedures to provide proper safeguards against the misuse of an assigned purchasing card. Prior to issuance of a purchasing card employees are required to attend training on internal controls and use of the card. Fiscal Services employees have also been trained on specific internal

controls to audit purchasing card transactions ([III.D.8-5](#), [III.D.8-6](#)).

### Analysis and Evaluation

Mt. San Antonio College's (Mt. SAC's) financial and internal control systems are evaluated and assessed for validity and effectiveness, and the results of the assessment are used for improvement.

### Accomplishments and Outcomes

- Mt. SAC's internal controls are evaluated and assessed by external auditors, Los Angeles County Office of Education, and management.
- Fiscal Services regularly evaluates Mt. SAC's financial internal controls and management processes.
- Results of evaluations are used to improve financial management systems.

### List of Evidence

|            |  |
|------------|--|
| III.D.1-26 | <a href="#">Fiscal Independence Oversight FY 2012-13</a>                       |
| III.D.1-27 | <a href="#">Fiscal Independence Oversight FY 2013-14</a>                       |
| III.D.1-28 | <a href="#">Response to Fiscal Oversight 2013-14</a>                           |
| III.D.1-29 | <a href="#">Fiscal Independence Oversight FY 2014-15</a>                       |
| III.D.1-30 | <a href="#">IRS Letter for Bonds 2001 Election 2006 Series C</a>               |
| III.D.5-4  | <a href="#">Audit 2014-15</a> pg. <a href="#">5</a> , <a href="#">115</a>      |
| III.D.5-5  | <a href="#">Audit 2013-14</a> pg. <a href="#">106</a>                          |
| III.D.5-6  | <a href="#">Audit 2012-13</a> pg. <a href="#">106</a>                          |
| III.D.8-1  | <a href="#">Evaluator Letter for Building Pathways Grant</a>                   |
| III.D.8-2  | <a href="#">Fiscal Independence Report</a>                                     |
| III.D.8-3  | <a href="#">Fiscal Independence Report - Appendices</a>                        |
| III.D.8-4  | <a href="#">Banner Guide for Online Budget Transfers</a>                       |
| III.D.8-5  | <a href="#">User Guide for Procurement Card Program</a>                        |
| III.D.8-6  | <a href="#">Internal Control Training - Implementation of Procurement Card</a> |

### III.D.9.

*The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.*

#### Evidence of Meeting the Standard

##### The College has Sufficient Cash Flow and Reserves for Stability

Since 2010, Mt. San Antonio College (Mt. SAC) has enjoyed a healthy unrestricted general fund balance well in excess of 10 percent, the minimum amount required by Board Policy (BP). This reserve has given Mt. SAC the ability to remain financially stable through years of budget reductions and reduced state funding. The 2015-16 adopted budget projects an unrestricted general fund balance of \$23.7 million, which is 12.05 percent; the 2014-15 Fiscal Year (FY) ended with an actual unrestricted general fund balance of \$34.5 million or 22.47 percent; and the 2013-14 FY ended with an actual unrestricted general fund balance of \$30.2 million or 20.64 percent. In 2015-16, the College received an addition of approximately \$42.4 million in one-time and ongoing revenue, which, along with its healthy reserves, ensures Mt. SAC can remain financially stable as well as have sufficient revenue for financial emergencies and unforeseen occurrences ([III.D.1-5 pg. 19-26](#)).

For more than 10 years now, Mt. SAC has had many major construction projects to create new high-tech classrooms,

laboratories, office space, conference rooms, a science building, Exploratorium, Planetarium, and hundreds of renovations to existing facilities, all part of the College Master Plan ([III.D.9-1](#)). Funding for these projects has come from the passage of two bond measures. Measure R was a \$221 million facilities construction bond approved by voters in 2001. Measure RR was a \$353 million facilities construction bond approved by voters in 2008. In the fiscal year ending 2014, the Campus Improvement Bond Report to the community showed the College has a favorable variance of more than \$118 million ([III.D.9-2 pg. 3](#)). The sale of bonds for construction projects and College reserves are more than sufficient to support risk management strategies for the bond projects.

##### The College has Support Strategies for Risk Management and Necessary Contingency Plans

Mt. SAC has several risk management strategies that are funded through immediate need or new resource allocation requests. The College is required to purchase insurance in accordance with BP 6540 and Administrative Procedure (AP) 6540 to cover losses which occur to property, employees, and third-party liability ([III.D.2-11](#), [III.D.2-12](#), [III.D.9-3](#)). In such instances where the College carries deductibles for losses to property and liability, the College has a trust fund account to cover such losses and an annual analysis is performed by the College service provider and the Director of Safety and Risk Management; to ensure there is sufficient funding. Losses

resulting from an “unforeseen” emergency or catastrophic event would result in an emergency proclamation and may initially result in the use of general fund reserves. In a Federal, state or locally declared emergency, the College would be eligible for disaster relief funding. College cash and reserves are also more than sufficient to support these risk management strategies.

Mt. SAC has sufficient cash and reserves to support risk management strategies and to implement appropriate contingency plans to meet financial emergencies or unforeseen occurrences. The College is confident its risk management plans and ability to implement contingency plans are both realistic and appropriate.

### Analysis and Evaluation

Mt. San Antonio College (Mt. SAC) has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.

### Accomplishments and Outcomes

- Mt. SAC’s healthy reserve gives the College the ability to remain financially stable through years of budget reductions and reduced state funding.
- The College is confident its risk management plans and ability to implement contingency plans are both realistic and appropriate.

### List of Evidence

|            |   |
|------------|---|
| III.D.1-5  | <a href="#">Adopted Budget 2015-16</a> pg. 19-26                      |
| III.D.2-11 | <a href="#">BP6540 Insurance</a>                                      |
| III.D.2-12 | <a href="#">AP6540 Insurance</a>                                      |
| III.D.9-1  | <a href="#">Master Plan 2012</a>                                      |
| III.D.9-2  | <a href="#">Measure R &amp; RR Report to the Community 2014</a> pg. 3 |
| III.D.9-3  | <a href="#">ASCIP Certificate of Liability Coverage 2015</a>          |

### III.D.10.

*The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.*

#### Evidence of Meeting the Standard

##### The College Practices Effective Oversight of Finances in All Areas

Mt. San Antonio College (Mt. SAC) uses a variety of processes to assess its use of financial resources. Fiscal Services reviews overall expenditures for the entire campus. Annually in March, Fiscal Services electronically distributes the status quo budget templates to develop the budget for the following year. Along with that, budget managers receive a budget and expenditure comparative report which provides three years of historical budget and expenditure data. This gives the budget manager an opportunity to evaluate spending in each account to better predict the spending the following fiscal year and reduce the number of budget transfers while keeping within the previous year's allocation to the unit. Based on the feedback received from the budget manager, Fiscal Services prepares tentative and adopted budget reports and sends the reports campus wide. As per Title 5 regulations, the tentative budget is submitted to the Board of Trustees for approval annually in June and the adopted budget is annually submitted on or before September 15 ([III.D.10-1](#), [III.D.10-2](#)). Ongoing budget revisions and transfers are reported to the Board of

Trustees for their approval monthly. The College's Enterprise Application System, Banner, provides 24/7 access to budget and expenditures to budget managers ([III.D.10-3](#), [III.D.10-4](#), [III.D.4-10 pg. 22, 37](#), [III.D.10-5 pg. 109](#)).

Fiscal Services prepares a preliminary tentative budget, Budget Scenarios Report, and Changes to the Fund Balance Report ([III.D.4-2](#)). The preparation of these budgets starts in March ([III.D.10-6 pg. 4-5](#), [III.D.1-5 pg. 17-18](#)). The Changes to the Fund Balance Report provides information about the unrestricted general fund projected and final ending balance. These reports are presented to the Budget Committee for their review and reaffirmation of the budget development process. Based on the assessment of the ending balances and budget projections, the President's Cabinet decides whether or not there are sufficient resources to fund budget requests submitted through the Planning for Institutional Effectiveness (PIE) process. When a unit requests additional funding, the section in the unit's PIE report citing how the resource would be used is required as a justification for the resource request ([III.D.10-7](#)).

The Institutional Effectiveness Committee (IEC) is charged with the assessment of the College's planning processes/program review, PIE, which includes resource requests from all campus units. Yearly, the resource requests from each departmental PIE are compiled and prioritized and reported by the area's Vice President to the President's Cabinet. The President's Cabinet prioritizes all requests with a global look and Fiscal Services

prepares the new resources allocation requests report. The Budget Committee's role is to ensure the prioritization process has been followed and makes recommendations on budget procedures and resource allocation processes. The President's Advisory Council (PAC) receives reports from the IEC and Budget Committee and makes recommendations to the President's Cabinet for changes to the College's resource request and allocation process. Additionally, IEC reports to PAC any planning recommendations including the solicitation of resource requests as they relate to the PIE process. The President's Cabinet authorizes and implements processes and any changes resulting from discussions and recommendations in Cabinet, IEC, Budget Committee, and PAC ([III.D.10-8 pg. 3](#), [III.D.1-7](#)).

An external auditing firm audits Mt. SAC annually. This audit includes the assessment of the internal controls for governmental funds, Title IV financial aid funds, grants, and externally funded programs. The external auditors also audit the auxiliary services organization, which is an integral part of the College operations for the bookstore and dining services. These audits have resulted in no findings, thereby attesting to the effective use of resources ([III.D.5-4 pg. 107-113](#), [III.D.10-9](#)).

Mt. SAC has held a fiscal independent status since July 1, 2012. The College has complied with the requirements, which indicates that the College has done a good job with fiscal oversight of the finances ([III.D.1-29](#), [III.D.1-27](#), [III.D.1-26](#)).

Another process Mt. SAC uses to assess its use of financial resources is Financial Aid's

membership in the Department of Education's Quality Assurance Program. "The purpose of Quality Assurance is to assure that data provided is accurate and correct, so that the delivery of Title IV student aid funds is conducted accurately, expediently, and with high integrity" ([III.D.10-10](#)).

Mt. SAC abides by Title 5 Regulations for Categorical Programs such as Disabled Student Programs and Services, Extended Opportunity Programs and Services, CalWORKs, etc., which have very specific guidelines as to how their respective funds may be spent. Additionally, Mt. SAC closely follows county grant requirements (CalWORKs for example), and federal spending regulations for grants such as TRiO, and other federal programs.

Additionally, at the beginning of every academic year, each categorical program must provide the Chancellor's Office with a detailed account of how funds from the prior year that were allocated to the program were spent using the Student Services Automated Reporting for Community Colleges (SSARCC) system. These reports are prepared by each categorical program budget manager. This report is reviewed by Fiscal Services to ensure expenditures match the General Ledger and are in compliance with the California Community Colleges Budgeting and Accounting Manual and the categorical program's spending guidelines. Once cleared by Fiscal Services, the report must be approved by the appropriate Vice President, the Vice President of Administrative Services, and the College's President/CEO.

Mt. SAC uses multiple levels of oversight in the development of purchase orders

and budget transfers, including a review by Fiscal Services with oversight by the Board of Trustees ensuring the account has sufficient funds for the purchase order or transfer and the expense or transfer is made following College policies and procedures ([III.D.5-3](#), [III.D.5-7](#), [III.D.3-1](#), [III.D.2-6](#)). Transfers are included monthly for Board approval and details are provided for review by constituent groups leaders each month. The College's fiscal management adheres to Title 5 procedures and its books and records adhere to the California Community Colleges Budget and Accounting Manual. Board Policies and Administrative Procedures provide direction and lines of responsibility for the overall fiscal management of the campus ([III.D.1-22](#), [III.D.10-11](#)). The College prepares and delivers the Quarterly Financial Status Report (CCFS-311Q), quarterly financial report, containing the financial and budgetary situation for the general fund to the Board of Trustees as required by law ([III.D.10-12 pg. 38-40](#)). The College also prepares and delivers the annual financial report, (CCSF-311). This report is submitted to the California Community Colleges Chancellor's Office and distributed to all constituent groups ([III.D.1-1](#)). Ahead of each Board meeting, the College President meets with the constituency group leaders to conduct an Agenda Review. As part of that process, the Friday before the Board meeting the Fiscal Department sends to the leaders the Detailed Listing of the Board Appropriations Transfer via email.

Mt. SAC demonstrates compliance with Federal Title IV regulations and requirements for student financial aid funds. These funds are part of the

College's annual external audit. The College has not received any audit findings related to these funds. Financial Aid and Fiscal Services have an agreed upon reconciliation process in place to ensure that financial aid programs reach the right student, in the correct amount, and for the correct time period. The Banner system provides controls to ensure financial aid reconciliation is accurate. Financial Aid and Fiscal Services work collaboratively to ensure agreement with the Department of Education. The process includes: disbursement, month end, and yearly reconciliation. At disbursement, Financial Aid disburses funds to students using the Banner system to check student eligibility. Financial Aid provides a disbursement report to Fiscal Services with each disbursement checked against the student account summary and available cash in the U.S. Department of Education's Grant Management System (G5). A monthly reconciliation is coordinated between Financial Aid and Fiscal Services to ensure all funds are accounted for. Financial Aid will reconcile against the U.S Department of Education's Common Origination and Disbursement system while Fiscal Services will reconcile against the G5 system. At the close of the fiscal year, Financial Aid and Fiscal Services will also coordinate a reconciliation review to ensure all student/fund accounts are balanced. Because reports are many, and are run, saved, and reviewed electronically, evidence is also stored electronically. Also due to personal data on these reports, it is not best practice to print and share with constituents outside of Financial Aid and Fiscal Services. Auditing officials are able to view these reports, when on campus, conducting a review.

### **Assessment Results are Used to Make Improvements**

Mt. SAC uses results of its assessment of the College's budget processes and expenditures to make improvements. An example is the change in PIE due dates to better align with established budget processes and deadlines recommended by IEC ([I.A.3-1 pg. 23-24](#)). Joint Meetings between IEC and the Budget Committee are held on this topic ([III.D.10-13 pg. 2](#), [III.D.10-14](#), [I.A.3-7](#)).

### **Analysis and Evaluation**

Mt. San Antonio College (Mt. SAC) practices effective oversight of finances, including management of financial aid, grants, externally funded programs,

contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

### **Accomplishments and Outcomes**

- Mt. SAC uses a variety of processes to assess its use of financial resources.
- The College's yearly audit includes the assessment of the internal controls for governmental funds, Title IV financial aid funds, grants, and externally funded programs.
- External auditors audit the auxiliary services organization.
- Mt. SAC uses results of its assessment of the College's budget processes and expenditures to make improvements.

## List of Evidence

|             |   |
|-------------|---|
| I.A.3-1     | <a href="#">Strategic Plan 2015-17</a> pg. 23-24  |
| I.A.3-7     | <a href="#">Budget and Institutional Effectiveness Committee Meeting 2014</a>                           |
| III.D.1-1   | <a href="#">Annual Financial and Budget Report 2014-15</a>  |
| III.D.1-5   | <a href="#">Adopted Budget 2015-16</a> pg. 17-18  |
| III.D.1-7   | <a href="#">New Resource Allocation 2015-16</a>   |
| III.D.1-22  | <a href="#">BP6300 Fiscal Management</a>  |
| III.D.1-26  | <a href="#">Fiscal Independence Oversight FY 2012-13</a>  |
| III.D.1-27  | <a href="#">Fiscal Independence Oversight FY 2013-14</a>  |
| III.D.1-29  | <a href="#">Fiscal Independence Oversight FY 2014-15</a>  |
| III.D.2-6   | <a href="#">AP6250 Budget Management</a>  |
| III.D.3-1   | <a href="#">BP6250 Budget Management</a>  |
| III.D.4-2   | <a href="#">Budget Scenarios 2015-16</a>  |
| III.D.4-10  | <a href="#">Tentative Budget 2015-16 Board Presentation</a> pg. 22, 37                                  |
| III.D.5-3   | <a href="#">BP6200 Budget Preparation</a>   |
| III.D.5-4   | <a href="#">Audit 2014-15</a> pg. 107-113   |
| III.D.5-7   | <a href="#">AP6200 Budget Preparation</a>   |
| III.D.10-1  | <a href="#">Title V Tentative Budget-Filing-Adoption-Filing and Approval of Final Budget</a>            |
| III.D.10-2  | <a href="#">Proposed Budget-Hearing: Notice-Publication</a>   |
| III.D.10-3  | <a href="#">Budget Template 2015-16</a>   |
| III.D.10-4  | <a href="#">Budget and Expenditure Comparative Report</a>   |
| III.D.10-5  | <a href="#">Adopted Budget 2015-16 - Agenda</a> pg. 109   |
| III.D.10-6  | <a href="#">Tentative Budget 2015-16</a> pg. 4-5  |
| III.D.10-7  | <a href="#">Unit PIE Form 2014-15</a>   |
| III.D.10-8  | <a href="#">New Resource Allocation Cabinet Notes 3-24-2015</a> pg. 3                                   |
| III.D.10-9  | <a href="#">Audit Auxiliary Services 2014-15</a>  |
| III.D.10-10 | <a href="#">Financial Aid's Quality Assurance Program</a>   |
| III.D.10-11 | <a href="#">AP6300 Fiscal Management</a>  |
| III.D.10-12 | <a href="#">Quarterly Financial Statements 311Q</a> pg. 38-40   |
| III.D.10-13 | <a href="#">Joint Committees Meeting-Budget and Institutional Effectiveness Minutes 12-4-2013</a> pg. 2 |
| III.D.10-14 | <a href="#">Joint Committees Meeting-Budget and Institutional Effectiveness Minutes 11-5-2014</a>       |

### III.D.11

*The level of financial resources provides a reasonable expectation of both short- term and long-term financial solvency. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.*

#### Evidence of Meeting the Standard

The Mt. SAC Board of Trustees plans for maintenance and improvements of its facilities through appropriate measures, such as the issuance of bonds. The status of current and future projects, which are the result of the College's integrated planning processes, are analyzed to determine the need for funds as well as the repayments of current and future obligations ([III.D.11-1 pg. 2](#)). After bonds are issued, the bond funds are included in the adopted budget ([III.D.11-2 pg. 6-7, 112-113](#)). The College provides health benefits for its retirees and manages the liabilities closely. As required by the Government Accounting Standards Board No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions or Other Postemployment Benefits (OPEB), the College updated its actuarial study on retiree health liabilities in March 2014. This actuarial valuation showed that the plan is 67.2 percent funded ([III.D.5-4 pg. 76, III.D.2-13](#)). An updated actuarial report will be included in the 2015-16 audit. The 2015-16 audit will be approved

by the Board of Trustees in December 2016. The Budget Committee recommended restoration of funding of the OPEB Trust obligation ([III.D.11-3](#)). The College reinstated \$2.5 million in the budget to make the contribution to the OPEB Trust for 2014-15 ([III.D.11-2 pg. 6-7](#)). The California's two largest pension systems, the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) have largely increased their contribution rates for future years. The College has established an irrevocable trust to address future payments with an initial contribution of \$4 million ([III.D.11-4 pg. 47](#))

#### Analysis and Evaluation

The level of financial resources at Mt. San Antonio College (Mt. SAC) provides a reasonable expectation of both short- and long-term financial solvency. When making financial plans, the College assures financial stability. Additionally, Mt. SAC clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.

#### Accomplishments and Outcomes

- The Mt. SAC Board of Trustees plans for maintenance and improvements of its facilities through appropriate measures.
- The College updated its actuarial study on retiree health liabilities in March 2014 and is making a \$2.5 million contribution on an ongoing basis.
- The College has established an irrevocable trust to address the increases in CalPERS and CalSTRS contributions in future years.

## List of Evidence

|            |  |
|------------|--|
| III.D.2-13 | <a href="#">Actuarial 03-01-14</a>   |
| III.D.5-4  | <a href="#">Audit 2014-2015</a> pg. <a href="#">76</a>                                   |
| III.D.11-1 | <a href="#">Board Study Session 2-7-2015</a> pg. <a href="#">2</a>                       |
| III.D.11-2 | <a href="#">Adopted Budget 2014-15</a> pg. <a href="#">6-7</a> , <a href="#">112-113</a> |
| III.D.11-3 | <a href="#">Budget Committee Minutes 3-19-2014</a>                                       |
| III.D.11-4 | <a href="#">Board of Trustees Agenda 6-22-2016</a> pg. <a href="#">47</a>                |

### III.D.12

*The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee-related obligations. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.*

#### **Evidence of Meeting the Standard**

Due to the recent economic crisis, the College began to defer payments to fully fund its current Other Post-Employment Benefits (OPEB) obligation. This decision resulted in no contribution to the OPEB obligation for fiscal years 2012-13 and 2013-14 ([III.D.12-1](#)). The Budget Committee recommended restoration of funding for the OPEB trust obligation in March 2014 ([III.D.11-3](#)). Following that recommendation, the College budgeted \$2.5 million towards its contribution to the OPEB trust for 2014-15 ([III.D.11-2 pg. 6-7, 112-113](#)). In 2014-2015, the Budget Committee adopted a goal to review and make recommendations for ongoing OPEB trust contributions in order to meet funding goals. That decision led to the committee recommending funding of the liability for the fiscal year 2014-15. In 2015-2016, the committee updated the goal to evaluate,

review and make recommendations for the OPEB trust to continue to meet its funding goals ([III.D.12-2](#)). In May 27, 2015, the Board of Trustees approved the funding of \$2.5 million towards the annual contribution to the OPEB trust on an ongoing basis. As required by the Government Accounting Standards Board No. 45 Accounting and Financial reporting by Employers for Postemployment Benefits Other Than Pensions, the College updated its actuarial study on retiree health liabilities in March 2014 ([III.D.2-13](#)). An updated actuarial report will be included in the 2015-16 audit. The 2015-16 audit will be approved by the Board of Trustees in December 2016.

In recent years, California's two largest pension systems, the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), have faced growing unfunded liabilities, which were exacerbated during the recession. As a result, the Governor, the legislature, and the CalPERS Board have scheduled increases in contribution rates from the state, employers, and employees. As a result, in June 23, 2016, the College established an irrevocable trust for future CalSTRS and CalPERS obligations increases, with an initial contribution of \$4 million. The following table shows the actual and projected CalPERS and CalSTRS employer contribution rates and amounts for the College:

| FISCAL YEAR            | CalSTRS | CalPERS | TOTAL INCREASE       |
|------------------------|---------|---------|----------------------|
| 2014-15 <sup>(1)</sup> | 8.88%   | 11.771% | 711,771              |
| 2015-16                | 10.73%  | 11.847% | 2,033,571            |
| 2016-17                | 12.58%  | 13.888% | 3,045,038            |
| 2017-18                | 14.43%  | 15.500% | 1,987,940            |
| 2018-19                | 16.28%  | 17.100% | 1,983,379            |
| 2019-20                | 18.13%  | 18.600% | 1,945,373            |
| 2020-21                | 19.10%  | 19.800% | 1,177,164            |
| <b>TOTAL</b>           |         |         | <b>\$ 12,884,236</b> |

<sup>(1)</sup> Actual Expenditures

**Figure III.D.12-1. Actual and projected CalSTRS and CalPERS Contributions**

The College maintains a vacation liability account fund for payment of compensated absences based on past service. This fund is reviewed every year, at year end, by Fiscal Services, for compliance with Governmental Accounting Standards Board 16 (GASB 16) accounting for compensated absences. The spreadsheet is included in the year-end financial statements.

### Analysis and Evaluation

Mt. San Antonio College (Mt. SAC) plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee-related obligations. The actuarial plan to determine OPEB is current and prepared as required.

### Accomplishments and Outcomes

- The Budget Committee recommended restoration of funding of its OPEB trust obligation in March 2014.
- In 2014-2015, the Budget Committee adopted a goal to review and make recommendations for the OPEB trust to meet its funding goals.
- In May 27, 2015, the Board of Trustees approved \$2.5 million towards the OPEB trust.
- The College is planning for future financial obligations by starting an irrevocable trust to pay for CalSTRS and CalPERS increases.

### List of Evidence

|            |   |
|------------|---|
| III.D.2-13 | <a href="#">Actuarial 3-1-2014</a>                                      |
| III.D.11-2 | <a href="#">Adopted Budget 2014-15</a> pg. 6-7, <a href="#">112-113</a> |
| III.D.11-3 | <a href="#">Budget Committee Minutes 3-19-2014</a>                      |
| III.D.12-1 | <a href="#">Budget Committee Minutes 9-4-2013</a>                       |
| III.D.12-2 | <a href="#">Budget Committee Minutes 10-7-2015</a>                      |

### III.D.13.

*On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.*

#### Evidence of Meeting the Standard

Mt. San Antonio College (Mt. SAC) assesses the repayment of locally incurred debt instruments at the Board Study Session on an annual basis. The bond debt does not have adverse impact on the current obligations because the repayment is secured by the property tax pledge from local taxpayers. The College currently has general obligation bond debt for Prop. 39 General Obligation Bonds, Measure R (Election 2001) and Measure RR (Election 2008). The repayment of these bonds is secured by the district's voter-approved unlimited property tax pledge. Los Angeles County levies, collects, and disburses the district's property taxes, including the portion restricted to pay the debt service on the general obligation bonds. The level of locally incurred debt instruments as of June 30, 2015, is \$396.7 million. This balance primarily includes the remaining principal debt for Measure R general obligation bonds (Election 2001) of \$154.4 million and \$242.3 million in Measure RR general obligation bonds (Election 2008). The bonds were issued to finance the repair, upgrade, acquisition, construction, and equipment of selected College

property and facilities ([III.D.5-4 pg. 60](#)). The College has a loan with the City of Walnut for construction of the Performing Arts Center. The balance as of June 30, 2015, is \$113,526. The annual payment consists of \$1 for every ticket sold for all performances. The payment for fiscal year 2014-15 was \$25,312. The College implemented Government Accounting Standards Board (GASB) statements No. 68 and 71, which impacts the accounting and reporting (accrual basis) of pension expense and net pension liability by reflecting the amounts on the entity wide financial statements. The net pension liability, as of June 30, 2015, is \$125.3 million as a result of the recognition of the proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) pension expense ([III.D.5-4 pg. 60](#)).

#### Analysis and Evaluation

On an annual basis, Mt. San Antonio College (Mt. SAC) assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect its financial condition.

#### Accomplishments and Outcomes

- Mt. SAC assesses the repayment of local incurred debt instruments at the Board Study Session on an annual basis.
- The College implemented Government Accounting Standards Board (GASB) statements.

#### List of Evidence

III.D.5-4

[Audit 2014-15 pg. 60](#)

### III.D.14.

*All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.*

#### Evidence of Meeting the Standard

Mt. San Antonio College (Mt. SAC) maintains a chart of accounts in accordance with the California Community College Budget and Accounting Manual, published by the Chancellor's Office of California. This ensures the consistent reporting of all its funds with integrity. The College abides by Title 5 Regulations for Categorical Programs such as Disabled Students Programs and Services, Extended Opportunity Programs and Services and CalWORKs, which have very specific guidelines as to how their respective funds may be spent. Additionally, Mt. SAC closely follows county grant requirements (CalWORKs for example), and federal spending regulations for grants such as TRiO and other federal programs.

External auditors audit Mt. SAC's bond funds annually. The performance audits consistently state that the College expended proceeds of the bonds for the purposes approved by the voters and only on the specific Board of Trustees approved projects. The College aligns with Prop. 39 mandates and maintains a Citizens' Oversight Committee that is primarily responsible for ensuring proper expenditure of bond funding for campus

construction, reconstruction, rehabilitation or replacement of campus facilities, and informing the public concerning the expenditure of bond proceeds ([III.D.1-16](#), [III.D.14-1](#)).

Mt. SAC assesses the repayment of the long-term debt annually. The bonds (locally incurred debt instruments) are assessed at the Board Study Session on an annual basis. The debt does not have an adverse impact on the current obligations because the repayment is secured by the property tax pledge from local taxpayers. The College also assesses its long-term obligation for pensions and healthcare benefits. This is part of the budget development process. The Budget Committee makes recommendations for funding to the President's Cabinet, which, after review, is presented to the Board of Trustees for approval ([III.D.14-2 pg. 5](#)). In June 23, 2016, the College established an irrevocable trust for future CalSTRS and CalPERS obligations increases, with an initial contribution of \$4 million. The College has a \$2.5 million ongoing budget for Other Post-Employment Benefits (OPEB) for retirees' healthcare benefits. Effective with the fiscal year 2014-15, the College adheres to the Governmental Accounting Standards Board (GASB) statements when planning long-term fiscal resources such as CalPERS and CalSTRS retirement benefits and OPEB for retirees' healthcare benefits ([III.D.5-4 pg. 61-73](#)). OPEB actuarials are prepared every two years to assess the payment by fiscal year as per GASB ([III.D.14-3](#), [III.D.14-4](#), [III.D.2-13](#)).

The College has a separate organization, Mt. San Antonio College Auxiliary Services

that mainly provides bookstore functions for students, faculty and employees of the College and oversees the dining services operation outsourced to Sodexo since 2011. The Auxiliary engages external auditors to perform an external audit of the finances on an annual basis. Audit reports for the past three years ending June 30, 2013, 2014, and 2015, respectively have obtained unmodified audit opinions. An unmodified opinion is the best opinion an organization can obtain, thus demonstrating the integrity of the use of financial resources ([III.D.14-5](#), [III.D.14-6](#), [III.D.14-7](#)).

The Mt. San Antonio College Foundation provides support with fundraising activities for College programs and scholarships. The Foundation engages external auditors to perform an external audit on an annual basis. Audit reports for the past three years ending June 30, 2013, 2014 and 2015, respectively, are provided. The Foundation has obtained unmodified audit opinions for the last three years. An unmodified opinion is the best opinion and organization can obtain, thus demonstrating the integrity of the use of financial resources ([III.D.14-8](#), [III.D.14-9](#), [III.D.14-10](#)).

### **Analysis and Evaluation**

All of Mt. San Antonio College's (Mt. SAC's) financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.

### **Accomplishments and Outcomes**

- Mt. San Antonio College (Mt. SAC) maintains a chart of accounts in accordance with the California Community Colleges Budget and Accounting Manual published by the California Community Colleges Chancellor's Office.
- Mt. SAC consistently accounts for its funds with integrity.
- External auditors audit Mt. SAC's bond funds annually.
- Mt. SAC assesses the repayment of the long-term debt annually.
- Auxiliary activities and fund-raising efforts are used with integrity and for the intended purpose.

## List of Evidence

|             |  |
|-------------|--|
| III.D.1-16  | <a href="#">Prop 39 Performance Audit 2014-15</a>                            |
| III.D.2-13  | <a href="#">Actuarial 3-1-2014</a>   |
| III.D.5-4   | <a href="#">Audit 2014-15</a> pg. 61-73                                      |
| III.D.14-1  | <a href="#">Prop 39 Performance Audit 2013-14</a>                            |
| III.D.14-2  | <a href="#">Budget Committee Minutes - OPEB Funding Recommendation</a> pg. 5 |
| III.D.14-3  | <a href="#">Actuarial 5-1-2011</a>   |
| III.D.14-4  | <a href="#">Actuarial 3-1-2012</a>   |
| III.D.14-5  | <a href="#">Auxiliary Audit 2014-15</a>                                      |
| III.D.14-6  | <a href="#">Auxiliary Audit 2013-14</a>                                      |
| III.D.14-7  | <a href="#">Auxiliary Audit 2012-13</a>                                      |
| III.D.14-8  | <a href="#">Foundation Audit 2014-15</a>                                     |
| III.D.14-9  | <a href="#">Foundation Audit 2013-14</a>                                     |
| III.D.14-10 | <a href="#">Foundation Audit 2012-13</a>                                     |

### III.D.15.

*The institution monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance when the federal government identifies deficiencies.*

#### **Evidence of Meeting the Standard**

##### **The College Monitors and Manages Student Loan Default Rates, Revenue Streams, and Assets**

For the past three years, Mt. SAC's Cohort Default Rate has been steady, ranging from 13 percent to 17 percent. Mt. SAC's annual cohort default rates are, and have been, within federal guidelines. The rates are below the Department of Education's monitoring level, and the College has not been asked for a detailed Default Prevention Plan and USDE Audits/reports ([III.D.15-1](#), [III.D.15-2](#), [III.D.15-3](#), [III.D.15-4](#)).

Although it is not mandated, Mt. SAC recognizes the benefits of default prevention efforts. Thus, the College has instituted a financial literacy program for its students while increasing its efforts with default prevention. Some of these efforts include continued exit loan counseling, monthly review of delinquency reports, and periodic briefings with consultants provided by the Chancellor's Office to project future cohort default rate with real data.

##### **The College has a Plan for Remediating any Deficiencies Resulting in Non-Compliance**

Mt. SAC monitors the default rate regularly and has a plan to reduce the default rate when it exceeds federal guidelines. In fact, the College provides student interventions to prevent the default rate from increasing. The College has a financial aid specialist whose sole program responsibility is default prevention. In collaboration with other offices, this program is steadily being expanded. The default prevention program includes conducting workshops to reach more students on campus regarding financial literacy and how incurred debt can affect future life plans. In fiscal year 2012-13, 500 students were able to participate in default prevention workshops; in 2013-14 this effort was expanded to 750 students, and the 2014-15 goal was to reach at least 1,000 students as well as opening workshops to others in the community.

Mt. SAC's Financial Aid Office has policies and procedures in place to adhere to Title IV of the Higher Education Act. To ensure that Financial Aid staff is sufficiently trained, staff participates in a bi-annual training day, weekly staff meetings, and federal, state, and regional training events. Financial Aid staff also conduct training for other offices to provide information on new regulatory changes. Policies and procedures are posted on the College website and sent to students directly. The College also strives to send targeted communication to students to help them prepare for possible financial aid eligibility issues, such as a reminder

when the student is in "Warning" status for Satisfactory Academic Progress, what this means, what the student needs to complete for current term, and what is the impact for subsequent term. The Financial Aid office also alternates staff to serve on its different committees, creating an opportunity to participate and cross-learn. As the College begins planning for a new aid year, staff will be selected to participate on the Verification Committee. The committee reviews current verification processes and requirements, compares them to any federal changes to verification for the new aid year, and makes recommendations to adjust verification processes for the new aid year. Through this strategy, development of work skills as well as increased understanding of policy and procedures have helped the Financial Aid team enhance processes to improve efficiency and customer service. The College has not had any findings with its annual audits. Data is stored in a shared drive organized by program and aid year for staff to review changes made from year to year, including forms, policy, and protocols. Also, the robust usage of the Banner system has supported the ability to meet compliance requirements. Documentation of each financial aid

recipient file by aid year is essential in ensuring compliance as well as good customer service ([III.D.15-5](#), [III.D.15-6](#), [III.D.15-7](#)).

**Analysis and Evaluation**

Mt. San Antonio College (Mt. SAC) monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance when deficiencies are identified.

**Accomplishments and Outcomes**

- Mt. SAC's annual cohort default rates are, and have been, within federal guidelines.
- Mt. SAC recognizes the benefits of default prevention efforts.
- The College provides student interventions to prevent the default rate from increasing.
- Mt. SAC's Financial Aid Office has policies and procedures in place to adhere to Title IV of the Higher Education Act.
- The College has not had any findings with its annual audits.

**List of Evidence**

|            |   |
|------------|---|
| III.D.15-1 | <a href="#">FISAP 2012-13</a>   |
| III.D.15-2 | <a href="#">FISAP 2013-14</a>   |
| III.D.15-3 | <a href="#">FISAP 2014-15</a>   |
| III.D.15-4 | <a href="#">Evidence of Cohort Default Rate</a>                                     |
| III.D.15-5 | <a href="#">PowerPoint of Financial Literacy Outreach Efforts</a>                   |
| III.D.15-6 | <a href="#">Financial Aid Direct Loan Information and Counseling Workshops 2014</a> |
| III.D.15-7 | <a href="#">Financial Aid Direct Loan Information and Counseling Workshops 2015</a> |

### III.D.16.

*Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution and the quality of its programs, services, and operations.*

#### Evidence of Meeting the Standard

##### **Contractual Agreements with External Entities are Consistent with the College's Mission and Goals and Governed by Policy**

Mt. SAC's Board Policies and Administrative Procedures establish the authority to enter into contractual agreements and clearly identifies which contracts can be approved under delegated authority ([III.D.16-1](#), [III.D.16-2](#), [III.D.16-3](#), [III.D.16-4](#), [III.D.16-5](#), [III.D.16-6](#)). Only the President, Vice President of Instruction, and Vice President of Administrative Services has the authority to execute documents for purchasing contract function. The Purchasing Department oversees all contracts on behalf of the College ([III.D.16-7](#)). Contracts and contract amendments are submitted to the Board of Trustees for approval at its monthly meetings. All contracts include indemnification and termination clauses to protect the College. The College has a conflict of interest policy and Administrative Procedures for Board members and employees that prohibits personal financial interest when entering into a contract for the College ([III.A.13-2](#), [III.D.16-8](#)).

Board Policy 6150 designates specific administrators with the responsibility to sign contractual agreements ([III.D.16-7](#)). The College will enter into a contractual agreement when the Planning for Institutional Effectiveness (PIE) and new resources allocation process calls for them. Facilities-related contracts are reviewed by the Facilities Advisory Committee to ensure that new and renovated facilities are consistent with the Facilities Master Plan developed to align with the College mission and to meet College goals ([III.D.16-9](#)).

##### **Contractual Agreements Contain Provisions to Maintain Integrity and Quality**

Mt. SAC has a variety of contractual agreements that range in depth and breadth from a single-use agreement for the use of a College facility to long-term professional service agreements and major construction contracts. For construction projects valued at \$1,000 to \$45,000, short-form contracts are used to ensure compliance with College applicable codes, safety policies, adequate supervision, material substitution, hazardous materials compliance, standard of care, indemnification, termination provisions, and payment and performance bond requirements ([III.D.16-10](#), [III.D.16-11](#), [III.D.16-12](#)). For publicly bid construction contracts in excess of \$45,000, extensive contract general conditions and special conditions ensure compliance with applicable codes, safety policies, adequate supervision, material substitution, hazardous materials compliance, standard of care,

indemnification, termination provisions, warranties, contract closeout requirements, and payment and performance bond requirements ([III.D.16-13](#), [III.D.16-14](#), [III.D.16-15](#), [III.D.16-16](#)).

Contract documents are periodically reviewed and updated with support from legal counsel. Project-specific contract documents used for special projects such as design build, energy projects, and lease-leaseback agreements for professional services such as construction management and architectural and engineering services include specific terms and conditions to ensure compliance with the College mission, internal policies, and with applicable codes and best practices ([III.D.16-17](#), [III.D.16-18](#)).

### **Analysis and Evaluation**

Contractual agreements with external entities are consistent with the mission and goals of Mt. San Antonio College (Mt. SAC), are governed by institutional

policies, and contain appropriate provisions to maintain the integrity of the College and the quality of its programs, services, and operations.

### **Accomplishments and Outcomes**

- Mt. SAC has Board Policies and Administrative Procedures that establish the authority to enter into contractual agreements and clearly identifies which contracts can be approved under delegated authority.
- The College will enter into a contractual agreement when the Planning for Institutional Effectiveness (PIE) and new resources allocation process calls for them.
- Contract documents are periodically reviewed and updated with support from legal counsel.
- Agreements for professional services include specific terms and conditions to ensure compliance with the College mission, internal policies, and with applicable codes and best practices.

## List of Evidence

|             |   |
|-------------|---|
| III.A.13-2  | <a href="#">BP2710 Conflict of Interest</a>                       |
| III.D.16-1  | <a href="#">BP6340 Contracts</a>                                  |
| III.D.16-2  | <a href="#">AP6340 Bids and Contracts</a>                         |
| III.D.16-3  | <a href="#">AP6350 Construction Contracts</a>                     |
| III.D.16-4  | <a href="#">AP6360 Electronic Systems and Materials Contracts</a> |
| III.D.16-5  | <a href="#">AP6365 Accessibility of Information Technology</a>    |
| III.D.16-6  | <a href="#">AP6370 Personal Services Contracts</a>                |
| III.D.16-7  | <a href="#">BP6150 Designations of Authorized Signatures</a>      |
| III.D.16-8  | <a href="#">AP2710 Conflict of Interest</a>                       |
| III.D.16-9  | <a href="#">Facilities Advisory Committee Notes 10-10-2015</a>    |
| III.D.16-10 | <a href="#">Field Contract \$1,000-\$4,999</a>                    |
| III.D.16-11 | <a href="#">Field Contract \$5,000-\$24,999</a>                   |
| III.D.16-12 | <a href="#">Field Contract \$25,000-\$45,000</a>                  |
| III.D.16-13 | <a href="#">Contract General Conditions</a>                       |
| III.D.16-14 | <a href="#">Contract Special Conditions-Quality Control</a>       |
| III.D.16-15 | <a href="#">Contract Special Conditions-Warranties</a>            |
| III.D.16-16 | <a href="#">Contract Special Conditions-Contract Closeout</a>     |
| III.D.16-17 | <a href="#">Architect Master Agreement</a>                        |
| III.D.16-18 | <a href="#">Architect Agreement Terms and Conditions</a>          |

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