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**APPROVED–BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
FEBRUARY 4, 2016**

**BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
COUNTY OF COOK AND STATE OF ILLINOIS**

MINUTES

**FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING
NOVEMBER 10, 2015
DISTRICT OFFICE – 226 W. JACKSON BOULEVARD, ROOM 300**

Pursuant to provisions of the Illinois Public Community College Act, as amended of the State of Illinois, County of Cook, a Finance and Administrative Services Committee meeting of the Board of Trustees of Community College District No. 508 was held on November 10, 2015 at 1:00 p.m., District Office, 226 W. Jackson Boulevard, Room 300, Chicago, Illinois 60606.

ATTENDEES

TRUSTEES

Clarisol Duque, Committee Chair
Marisela Lawson
Charles Middleton, Chair

CHIEF ADVISOR TO THE BOARD

Tracey B. Fleming

CHANCELLOR

Cheryl L. Hyman

GENERAL COUNSEL

Eugene Munin

OFFICERS OF THE DISTRICT

Joyce Carson – Vice Chancellor, Finance and CFO
Jim Frankenbach – Chief Operating Officer
Craig Lynch – Chief of Staff and Enterprise Services
Rasmus Lynnerup, Vice Chancellor and Chief Strategy Officer
Jerrold Martin – Vice Chancellor, Information Technology
Diane Minor – Vice Chancellor, Administrative and Procurement Services
Laurent Pernot – Executive Vice Chancellor and Senior Adviser

OTHER ATTENDEES

David Anthony	CCC - District Office
Roberto Concepcion	CCC - District Office
J.R. Dempsey	CCC - District Office
Angel Quinones	CCC - District Office
Lamesha Smith	CCC-Inspector General office
Steve Saba	CCC - District Office
John Sugrue	CCC - District Office
Christopher Kopp	CCC - District Office
Daryl Okrzesik	CCC - District Office
Robert Barnett	CCC-Dawson Technical Institute
Shawn Burnett-Whitaker	CCC - District Office
Kai Love Davis	CCC - District Office
Vicky Cheng	Crowe Horwath
Steve Gerschoffer	Crowe Horwath
Joe Evans	RSM
David Robydek	RSM

I. CALL TO ORDER

Committee Chair Duque called the November 10, 2015 Finance and Administrative Services Committee meeting to order at 1:02 p.m.

II. ROLL CALL

The Chief Advisor to the Board called roll:

Clarisol Duque	Present
Marisela Lawson	Present
Charles Middleton	Present

III. COMMITTEE CHAIR REMARKS

Committee Chair Duque welcomed Chair Middleton and Trustee Lawson to the committee meeting and thanked Chancellor Hyman and the team for their preparation for the meeting and participation.

IV. CHANCELLOR REMARKS

Chancellor Hyman thanked the Finance and other teams presenting at today's meeting as well as the auditors for their work.

V. **AGENDA ITEMS**

The full presentation of agenda items can be viewed [here](#).

Speakers: Vice Chancellor and CFO, Joyce Carson; Vice Chancellor Diane Minor; Vice Chancellor Jerrold Martin; Associate Vice Chancellor J.R. Dempsey; Associate Vice Chancellor Daryl Okrzesik; Chief Procurement Officer Christopher Kopp; Deputy General Counsel Shawn Burnett-Whitaker; Executive Director-Operations and Compliance David Anthony; Dean Dawson Technical Institute Robert Barnett; Internal Auditor Roberto Concepcion; and Partner Joe Evans (formerly McGladrey), RSM.

1. Office of Finance Report

- **RSM report on FY2015 Annual Audit**

Mr. Joe Evans reviewed the fiscal year 2015 audit process, audit findings required communications and their strong relationship with the District's Internal Audit team and the compliance reporting schedule. Mr. Evans noted that RSM has issued an unmodified opinion on City Colleges' June 30, 2015 financial statements and that no significant deficiencies or material weaknesses were reported during the fiscal year.

Trustee Lawson asked how long RSM has worked with City Colleges of Chicago. Mr. Evans noted that they have worked with City Colleges for three years.

Trustee Middleton asked if the repeat notation by RSM on the control deficiency related to the record retention policy indicated that this was something that had been reported to City Colleges previously. Mr. Evans noted that this is a reoccurring item from the prior year's audit, but that due to the timing of receipt of the audit findings by City Colleges of Chicago, it is not unusual or unexpected that this would take two audit cycles to be fully resolved. Mr. Evans indicated that management has made a lot of progress and a plan for addressing this issue and the issue of records retention and the expectation is these items will be taken care of in the near future.

Committee Chair Duque asked if there were any penalties associated with the late filing of progress reports to the Illinois Community College Board (ICCB). Mr. Evans indicated that there was no penalty.

Trustee Lawson asked about the length of the audit process. Mr. Evans indicated that the RSM team begins its work in May, prior to the end of the CCC fiscal year. They are on-site for about four weeks and return in August and work with CCC staff full-time in August and September, reflecting several thousand hours of effort which go into the final audit.

- **FY2015 Management Comments on FY2015 Audit Results and Responses to FY2015 Audit Findings**

Vice Chancellor and CFO Carson reviewed the fiscal 2015 audit results and addressed or asked district staff to report on responses to control deficiencies noted in the audit findings.

Committee Chair Duque asked if the adjustment made in student accounts receivable in the amount of \$558,000 was for fiscal year 2015. CFO Carson indicated the adjustment was only for fiscal year 2015 and this was the only year where the variance occurred.

Regarding the district's record retention policy Committee Chair Duque asked if our records are mostly digital or paper. Mr. David Anthony from the Office of Administrative and Procurement Services indicated that our records are mostly paper. Trustee Middleton asked if there are any records that have to be kept in perpetuity. Mr. Anthony indicated that some records are required to be retained permanently. Ms. Burnett-Whitaker, Deputy General Counsel provided the example of student transcripts as the type of files that are required to be kept in perpetuity. Chair Middleton asked where records are kept. Vice Chancellor Minor noted that the district has—through a competitive bid process—an off-site storage service to supplement storage within our facilities. Ms. Minor also noted that work is ongoing with the Office of Information Technology to identify, categorize and classify our records with the goal of ultimately digitizing files. Trustee Lawson asked whether we expect this finding to be fully addressed before the completion of the next audit. Ms. Burnett-Whitaker noted that once we have finalized the district's record retention schedule we are required to submit this to the Illinois Secretary of State's office. Chancellor Hyman noted that the district's ability to take final action on this finding is dependent on action by the State of Illinois and the timing of that action cannot be guaranteed or controlled by City Colleges of Chicago. Chancellor Hyman indicated that regardless of the State's timing, the district will continue to work to move this issue forward.

- **FY2016 Financial Update**

Vice Chancellor and CFO Carson provided a financial status update for the district as of four months into fiscal year 2016.

Trustee Middleton asked about the tuition rates. CFO Carson indicated that all tuition rates will be at the originally published rates except for international students who will be charged the out-of-state rate in the spring semester. Trustee Middleton asked if those students will be charged the full international rate in the next fiscal year. CFO Carson indicated that they would be charged that rate.

Chancellor Hyman noted that enrollment is currently down 8 percent across the district. However, she noted that there are a number of reasons why this might be true. Chancellor Hyman and Mayor Emanuel continue to celebrate the improved employment rate in Chicago—the highest since 2011—however as this does impact revenue the District is thinking about different ways of looking at our revenue, sources of revenue and funding.

Trustee Middleton asked if the projected shortfall in state funding includes MAP funds. CFO Carson indicated that the MAP shortfall really impacts the students directly, not the District, except that some students who might otherwise enroll in City Colleges don't do so because they don't have access to MAP funds. Chancellor Hyman noted that the District has heard directly from students that they know friends of theirs that did not come to City Colleges because they were not getting MAP funding.

In discussing some of the cost reduction efforts of the District, Trustee Lawson asked how many of the positions that covered by the current vacancy freeze are due to natural attrition versus strategic decisions not to hire to fill a specific new positions. Chancellor Hyman indicated that information would be provided to the Trustees.

2. Internal Audit Report

Internal Auditor, Roberto Concepcion provided an update on the internal audit. In response to questions that arose regarding insufficient supporting documentation and logging and monitoring during the August 2015 Finance and Administrative Services committee meeting, Mr. Concepcion noted that in cooperation with OIT, Internal Audit was able to complete their work.

Trustee Middleton asked about the difference between informal competitive bidding versus formal bidding. Mr. Concepcion stated that a formal competitive bidding process is in place for procurements that amount to \$25,000 and up. This process entails requiring potential vendors to submit bids or formal proposals. Informal bidding or informal competitive bidding processes are allowable for purchases or procurements amounting from \$2,500 to \$24,999.

Trustee Middleton suggested that the District may wish to review its terminology in referring to the various bid solicitation processes so that the language we use reflects what seems to be a good bidding process in place for the District. Chancellor Hyman indicated that the District will review this language.

3. FY2016 Capital Construction Progress and FY2014-2018 Capital Improvement Plan

Vice Chancellor Minor reviewed the District's Capital project development process and specific projects underway and planned for the future.

Trustee Middleton noted that he just visited Truman College with board Vice Chair Gardner and had an opportunity to review the terrific Truman College Math Emporium and hear from staff about their excitement about the classroom expansions underway at the Humboldt Park Vocational Educational Center site and how it will benefit instruction and service provision there.

VI. AJOURNMENT

Committee Chair Duque asked for a motion to adjourn.

<Motion>Trustee Charles Middleton

<Second>Trustee Marisela Lawson

Motion Carried

Meeting Adjourned 2:57 p.m.

**Clarisol Duque
Secretary
Board of Trustees**

Submitted by – Tracey B. Fleming, Chief Advisor to the Board