

33503

**APPROVED—BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
JULY 5, 2018**

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

MINUTES

**FINANCE AND ADMINISTRATIVE SERVICES COMMITTEE MEETING
THURSDAY, SEPTEMBER 21, 2017
DISTRICT OFFICE – 226 W. JACKSON BOULEVARD, ROOM 301**

Pursuant to provisions of the Illinois Public Community College Act, as amended of the State of Illinois, County of Cook, an Academic Affairs and Student Services Committee meeting of the Board of Trustees of Community College District No. 508 was held on Thursday, September 21, 2017 at 9:00 a.m., District Office, 226 W. Jackson Boulevard, Room 301, Chicago, Illinois 60606.

ATTENDEES

TRUSTEES

Clarisol Duque, Committee Chair
Deborah Telman

CHIEF ADVISOR TO THE BOARD

Tracey B. Fleming

CHANCELLOR

Juan Salgado

PROVOST AND CHIEF ACADEMIC

OFFICER

Mark Potter

GENERAL COUNSEL

Eugene Munin

OFFICERS OF THE DISTRICT

Joyce Carson – *Chief Financial Officer*

Diane Minor – *Vice Chancellor, Administrative and Procurement Services*

Kimberly Ross – *Chief Talent Officer*

Eric Lugo – *Executive Vice Chancellor, Institutional Advancement*

OTHER ATTENDEES

Kai Love Davis
Roberto Concepcion

CCC District Office
CCC District Office

I. CALL TO ORDER

Committee Chair Duque called the September 21, 2017 Finance and Administrative Services Committee meeting to order at 9:02 a.m.

II. ROLL CALL

The Chief Advisor to the Board called roll:

Clarisol Duque	Present
Deborah Telman	Present (joined by teleconference at 9:05 a.m.)

III. WELCOME

Committee Chair Duque noted that Trustee Telman would be joining the meeting by phone. She continued by thanking the Chancellor, Provost, and staff for their work preparing for the committee meeting.

IV. CHANCELLOR REMARKS

Chancellor Salgado remarked about the report that the internal audit team would be presenting during the meeting, as well as the finance team's end of FY17 assessment. The Chancellor noted the challenges faced due to the state budget crisis and decline in enrollment, but closed by saying that CCC was adopting a fiscally responsible stance for auditory assets, rebuilding over time.

Committee Chair Duque thanked the Chancellor for writing the op-ed piece taken up by the New York Times that highlighted CCC's work in fiscal responsibility.

V. REVIEW OF AGENDA ITEMS

Speakers: Joyce Carson, Chief Financial officer; Diane Minor, Vice Chancellor, Administrative Services and Procurement; Roberto Concepcion, Director for Internal Audit

• **Internal Audit Status Updates**

Director Concepcion noted the review for the Washburne Culinary and Hospitality Institute, the employee payroll transition advance review, student financial aid verification review, and the fleet management review. He also noted that the internal audit team did a basic review of CCC's vendor list in comparison to employee rosters to identify potential conflicts of interest, passing on the results to the Office of the Inspector General.

Director Concepcion also shared that the internal audit team has been providing assistance to external auditors.

- **Internal Audit Report Summaries**

Next, Director Concepcion reported more in depth about the recently released reports. He identified some instance of noncompliance with CCC policies and procedures at Washburne Culinary and Hospitality Institute, as well as an opportunity to improve processing of monitoring voids and discounts to customers.

Director Concepcion spoke about the Payroll Advance Loan (PAL) review, noting that there were uncollected balances from active or separated employees amounting to \$51,000.

Committee Chair Duque inquired what the most common reasons were for outstanding balances.

Director Concepcion responded that one of the common reasons is the deficiencies in the process, such as delays in informing HR and payroll of upcoming separations, delaying the process of last paychecks.

Committee Chair Duque asked how separated employees reimburse CCC for the outstanding balance.

Director Concepcion noted that the Office of the General Counsel would send demand letters, and if that failed, they have the option of filing cases in small claims court.

Vice Chancellor Minor noted that CCC offers for individuals to pay back a little at a time as well.

Director Concepcion spoke about student financial aid verification review, as well as the fleet management review.

Committee Chair Duque asked how large the fleet is, to which Director Concepcion responded 72 vehicles.

- **Status of Audit Follow-ups**

Director Concepcion closed by sharing about the status of audit follow-ups.

- **CCC Risk Assessment – FY 2018 Update and Audit Plan**

Director Concepcion shared about the audit plan for the upcoming fiscal year.

Committee Chair Duque thanked Director Concepcion for his time. Trustee Telman, via telephone, noted that she had joined late but had heard the majority of the presentation, also thanking the Director.

- **Preliminary Year End Forecast FY 17**

Next, CFO Carson gave a report on the end of FY17 and updated the trustees regarding revenue and expenses. CFO Carson spent some time explaining that student bad debt was higher than other years. She noted the lack of MAP funding, policy changes allowing students to enroll without having all financial aid documents and payment plans on file, and an effort to support students properly as reasons for higher-than-usual student bad debt.

- **CCC Bond Deal Update**

Vice Chancellor Minor reported on the general obligation bond, noting the planned \$80 million worth of bonds to be issued in the fall to fund the capital program and the 65 percent MBE/WBE underwriters selected.

VI. REVIEW OF OCTOBER BOARD REPORTS

Next, Committee Chair Duque initiated the review of the October board reports.

Vice Chancellor Minor noted that Resolution 1.00 was a cost neutral transaction for the District, as the contractor for the LaSalle Bank Building at Daley College was investing money to be on site as opposed to the District paying for onsite facilities. Committee Chair Duque clarified that it was not cost saving. Vice Chancellor Minor confirmed that it was cost neutral with benefits for the District, with no cash out of the District's funds.

During the review of Resolution 1.05 to eliminate the current retirement program for administrative and non-bargained for employees, Committee Chair Duque asked about the details of the early retirement program.

Chief Talent Officer Ross noted that it is when people have the ability to elect to go into early retirement, they can elect specific benefits within the program. She also noted that if they decide to buy additional time to retire before their normal date, they have the opportunity to have attached insurance as well. Chief Talent Officer Ross noted that moving forward, the program would be eliminated for new hires.

Committee Chair Duque asked how many current employees have access to the program, to which Chief Talent Officer Ross and CFO Carson noted that it was 2,700 eligible, active and retired employees.

Chancellor Salgado clarified that health benefits are the most expensive component, and that the ten years minimum and in perpetuity is a long time. CFO Carson noted how large the obligation currently is.

During the review of Agreement 4.00, Committee Chair Duque asked how long the jobs program has been running.

Vice Chancellor Minor noted that the jobs program has been running since 2007, typically going into a three-year agreement based on capital funding.

Trustee Telman asked Vice Chancellor Minor to clarify what she meant by saying a commission was not being paid out-of-pocket during the review of Agreement 4.01. Vice Chancellor Minor clarified that companies are paid by transactions, not necessarily a purchase order generated by CCC. Trustee Telman further clarified that it comes out of proceeds of the sale. Trustee Telman also asked what the component of minority women were to the contracts. Vice Chancellor Minor responded that it is both 25 percent minority participation and 7 percent WBE participation. Trustee Telman followed up by asking what kind of vendors or subcontractors are hired. Vice Chancellor Minor noted that there are a variety of appraisers, real estate firms, and companies dealing in testing and analysis.

During Vice Chancellor Minor's report on Agreement 4.04, Committee Chair Duque inquired if there was legal action. General Counsel Munin responded, yes, that it is part of arbitration. Committee Chair Duque also asked if there was any cause for concern regarding the service being provided by the previous vendor, especially after Otis' assessment. Vice Chancellor Minor responded in the negative, while also noting that a commissioning agent would be looking at the elevators at Malcolm X overall.

Chief Talent Officer Ross reviewed Agreements 4.06, 4.07, 4.08, and 4.09. Committee Chair Duque asked if including the option for a one or two year extension occurred during the negotiation process, to which Chief Talent Officer Ross affirmed.

VII. ADJOURNMENT

Confirming that there was no more business to come before the committee, Committee Chair Duque affirmed that she would be recommending the items to be included on the consent agenda for the October Regular Board meeting before officially adjourning the meeting.

Meeting Adjourned 10:20 a.m.

**Clarisol Duque
Secretary
Board of Trustees**

Submitted by – Ashley Kang, Assistant Board Secretary