

Standard IIID. Financial Resources

Planning

IIID.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)

Description

The distribution of financial resources are guided by the needs for student learning programs and services. Development, maintenance, and enhancement of programs and services are supported through the general fund with at least 50% of all unrestricted revenue directly applied to instruction. Additionally, support for student learning programs and services are supported by way of the Foundation, Guaranteed Investment Contract (GIC) [IIID.1-01] and the Measure JJ bond [IIID.1-02] approved by District voters and certified by the Board of Trustees (BOT) in 2008. Fund 71 (Capital Outlay) monies also aid in building and improving the College infrastructure [IIID.1-03].

The process used to prioritize and distribute financial resources to student learning programs and services is known as the Program Review process outlined in AP 1202 [IIID.1-04]. Requests for instructional budget needs are defined at the department level by faculty chairs. For non-instructional budget requests, the process is performed by the area director. Once these requests are identified, they are prioritized by the dean and/or vice president at the division level. Before the budget requests are sent to the Superintendent/President, they are reviewed by the Finance/Budget & Planning Committee (FBPC) [IIID.1-05]. Having this hierarchical and shared governance structure provides campus-wide dialogue about budget requests, and with the involvement of FBPC, budget requests can be considered in light of the College's current budget situation. Therefore, budget requests are considered in relation to the enhancement of college programs and services while maintaining a minimum of 5% reserves and fiscal stability.

At the start of 2015, the Superintendent/President convened two task forces to review VVC's current expenditures and provide guidance on how to improve the College's fiscal condition. The IPEDS task force was convened in March of 2015 to help identify the reasons why VVC's expenses are higher than cohort colleges. The charge of the task force was to review all expenditures for every instructional and non-instructional department on campus. In doing this the College would be able to identify the categorization of its expenses in the IPEDS report and identify why VVC's expenses appear to be higher than cohort colleges. The task force consisted of all constituencies on campus and met regularly for approximately six months. The Institutional Effectiveness and Research staff was tasked with disaggregating the data by IPEDs category. It was discovered that the best method for this disaggregation was to use the Annual Budget and Financial Report, also known as the CCFS 311 reports, and compare each category to cohort colleges. In addition, the size of department, operationally defined by FTES generation and/or FTEF, was included to help assure that costs were as comparable as possible. Through the process, the missing piece was the availability of human resource data. The number of full-time

faculty by department could be identified, but the College was unable to solidify the number of adjuncts and classified employees by Activity/TOP code. For this reason, improving VVC's position control process was included as a recommendation submitted to the Superintendent/President in February 2016. In order to assure financial stability, efforts such as this should be ongoing and even though community colleges are unique when considering both restricted and unrestricted funds making cohort comparison difficult, a better understanding of the college's expenditures should always be a goal. The Consolidated Reports Task Force was also convened in early 2015, and it was developed to review the Fiscal Crisis & Management Assistance Team (FCMAT) [IIID.1-06] report and the Cambridge West Curriculum and Enrollment Management Report [IIID.1-07]. Recommendations from this report provided insight into VVC's wide array of topics including the scheduling of classes and how to maximize return on investment. Both of these groups have completed their assignments and recommendations have been provided.

Internal financial management procedures, aligned with federal and state regulations, have been updated to help ensure consistent business processes in fiscal services. As a result, the College has received unqualified audits the past three years [IIID.1-08].

Staffing and other required resources needed for Distance Education is determined by the DE Coordinator in conjunction with the Distance Education Advisory Committee (DEAC), the Vice President of Instruction and Student Services, and follows the College's planning efforts through the PRAISE process.

The DE Program has a sufficient budget of \$10,500 to conduct training, professional development, programs and services.

Much of the DE Program budget is currently focused on training and professional development. For example, DE faculty and staff attended the OTC conference in San Diego in June, 2016, the twice-yearly DE Academies that provide on-campus training and professional development for faculty and staff. During fall, spring, winter and summer semesters/sessions, small workshops are offered that are focused on specific DE tools and best practices.

In the DEAC meeting agendas and minutes, discussion on how to better utilize the DE budget for the activities noted above as well as extending training and other professional development activities to more faculty and staff and more off-campus locations has been conducted [IIID.1-09].

Evaluation

The College meets the Standard. After a five-year review of the budget, anomalies in both revenues and/or expenses were discovered that led to discrepancies between the adopted and actual budgets. It was discovered that instead of five years of deficit, there were only two. Having the need for a more accurate adopted budget and ways to identify how to backfill cuts that may be necessary to achieve a balanced budget, the Superintendent/President convened two task forces in 2015. The IPEDS Task Force-[IIID.1-10] was developed to compare VVC's expenditures with cohort colleges. The Consolidated Reports Task Force [IIID.1-11] was charged with reviewing the 2013 FCMAT report and the 2014 Cambridge West Curriculum and Enrollment Management

report. Both analyses have been completed and are circulating through the shared governance process with the intent that the recommendations from these efforts will become the basis for a number of operational, fiscal, and cultural changes at the College.

Similar to other community colleges, VVC has also been challenged with decreasing enrollment in the past few years. This trend was realized in 2014-2015 when the College was unable to meet base funding and therefore fell into stabilization. Because of stability, basic allocation did not change and there has been no ill effect on serving students. In addition, the College has developed and the BOT has approved a proposed tentative budget for fiscal year 2016/17 that is balanced and does not include the use of its unrestricted reserves.

Action Plan

Recommendations stemming from the CRT and IPEDS Task Forces should continue to be vetted through the shared governance process and be reported out soon so that operational and fiscal changes may be realized.

IIID.1. Evidence

- IIID.1-01 [BP 6320a Use and Distrib of GIC](#)
- IIID.1-02 [Bond Measure JJ](#)
- IIID.1-03 [Five Year Capital Construction Plan](#)
- IIID.1-04 [AP 1202 Implementing Institutional Effectiveness](#)
- IIID.1-05 [Finance Budget and Planning Committee](#)
- IIID.1-06 [FCMAT Report April 2013](#)
- IIID.1-07 [Cambridge West Report Oct 2014](#)
- IIID.1-08 [Annual Audit Documents](#)
- IIID.1-09 [DEAC Meeting Minutes](#)
- IIID.1-10 [Recs for IPEDS Task Force](#)
- IIID.1-11 [CRT Summary Report](#)

IIID.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.

Description

The College goals [[IIID.2-01](#)] are fiscal stability, student success, accreditation recommendations, and image. Fiscal stability is defined as the College's financial resources being sufficient to support quality programs and services and the ongoing improvement of all college operations [[IIID.2-01](#)]. Integration of financial planning with overall institutional planning is developed through the program review process as outlined in AP1202 [[IIID.2-02](#)].

Procedures are established by the Superintendent/President to assure adequate internal controls exist and to communicate fiscal procedures to the Board and employees in a timely manner. In addition, procedures exist to assure that the management information system data as it pertains to fiscal information is accurate and that responsibility centers are clearly delineated for fiscal management in Board Policies 6300 and 6330 as well as AP 6330 [[IIID.2-03](#), [IIID.2-04](#), [IIID.2-05](#)]. Budget development is aligned with state mandates for content and timeline [[IIID.2-06](#)].

Several projects are evidence of fiscal expenditures that support the college mission by helping to assure fiscal solvency. Examples include a 1 megawatt solar field on the campus, which reduced the annual electricity cost by approximately 30%. A supplemental early retirement plan (SERP) was offered in 2011–2012 to reduce payroll costs, and the heating, ventilation, and air conditioning (HVAC) systems were updated for improved efficiency. In addition, the Measure JJ bond was approved by voters in the fall of 2008 devoting \$297.5 million to capital improvements. These funds were used to build the Public-Safety Training Center on the eastside, a new addition to the science building, and currently new automotive and welding buildings are under construction on the lower campus.

College financial resources are received primarily from the State of California. However, additional resources come from sources such as grants and federal funds. The College maintains appropriate reserves evidenced by a BOT mandated contingency reserve of 5% [[IIID.2-07](#)]. The College participates in a Joint Powers Authority (JPA) for its property protection and liability through the Statewide Association of Community Colleges (SWACC). As a member of a JPA, the College and JPA ensure that appropriate levels of coverage are maintained.

Beginning in October 2014, the Superintendent/President initiated a new process in which budget updates are delivered via email to all constituencies on a monthly basis. The report details adopted revenues and expenditures by object code as well as activity to date, adjustments, percent spent, and remaining balance. A figure accompanies the report for easier viewing. This information is also posted on the Administrative Services Division webpage [[IIID.2-08](#)]. Active participation in the financial planning process by all constituencies are encouraged through the Finance/Budget and Planning shared governance committee [[IIID.2-09](#)].

Evaluation

The College meets the standard. The budget updates [[IIID.2-08](#)] have been well received by the campus. The BOT receive quarterly financial reports. An annual budget calendar is approved by the BOT in January. Subsequently, the BOT approves the tentative fiscal in June and the final adopted budget in September.

Action Plan

The College may consider a process designed to solicit participation from all constituency groups to assess the budget augmentation process built into PRAISE and the effectiveness of budget updates.

IIID.2. Evidence

- IIID.2-01 [BP 1200 District Vision](#)
- IIID.2-02 [AP 1202 Implementing Institutional Effectiveness](#)
- IIID.2-03 [BP 6300 Fiscal Management](#)
- IIID.2-04 [BP 6330 Purchasing](#)
- IIID.2-05 [AP 6330 Purchasing Approval](#)
- IIID.2-06 [AP 6200 Budget Development](#)
- IIID.2-07 [BP 6200 Budget Preparation](#)
- IIID.2-08 [Monthly Budget Updates](#)
- IIID.2-09 [Finance Budget and Planning Committee](#)

IIID.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.

Description

Campus-wide dialogue in regards to the allocation of financial resources begins with the annual program review and planning cycle through the process known as the Program Review, Allocations, and Institutional Strategies for Excellence process (PRAISE) [[IIID.3-01](#)]. Augmentation requests are defined at the department level by faculty chairs. For non-instructional budget requests, the process is performed by the area director. Once these requests are identified, they are prioritized by the dean and/or vice president at the division level. Before the budget requests are sent to the Superintendent/President, they are reviewed by the Finance/Budget & Planning Committee (FBPC) [[IIID.3-02](#)]. Having this hierarchical structure provides campus-wide dialogue about budget requests and with the involvement of FBPC, budget requests can be considered in light of the institution's current budget situation.

Additionally, the Finance, Budget and Planning Committee (FBPC) provides representative oversight to budget allocations and enhancements through the shared governance process. The FBPC is a diverse team made up of the five major College constituencies. The charge of the committee includes making recommendations for the allocation of monies through the program review process, which is designated to assess the effectiveness of instructional, student, and campus support programs. Once the decisions have been made to allocate certain augmentation requests, the information is disseminated to all constituencies by way of College Council. In addition, the Superintendent/President provides a Campus Update via campus email [[IIID.3-03](#)]

Evaluation

The College meets this Standard. Based on campus feedback, the rubric used for program review resource allocation request has been revised [[IIID.3-04](#)]. The Superintendent/President sent out an email about approved new resource and personnel allocations, which results from program review, during the summer. The same information is conveyed again during the adopted budget workshop presented to the BOT [[IIID.3-05](#)].

Action Plan

The College may consider a process designed to solicit participation from all constituency groups to assess the budget augmentation process built into PRAISE. Piloting an instrument through FBPC for content and feedback would seem beneficial before a wider dissemination.

IIID.3. Evidence

- IIID.3-01 [AP 6200 Budget Development](#)
- IIID.3-02 [Finance Planning and Budget Committee](#)
- IIID.3-03 [Augmentation – Campus Email](#)
- IIID.3-04 [Budget Augment Rubric Nov 16 2016](#)
- IIID.3-05 [2016-2017 Budget Workshop Presentation](#)

IIID.4. Institutional planning reflects a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Description

VVC assesses the availability of financial resources to meet the needs for current and future obligations and liabilities. The annual budget is built with the guidance of Board Policy 6200 - Budget Preparation [[IIID.4-01](#)]. BP 6200 states the annual budget will support the Educational Master Plans, unrestricted reserves shall be no less than 5%, and budget projections shall address long-term goals and commitments. The Board of Trustees approves the tentative and adopted budgets and is provided a copy of the budget book containing planning documents [[IIID.4-02](#)]. The budget book is also provided to VVC Administrators to ensure they have the financial data necessary for informational and planning purposes. Periodic budget updates and annual budget information is available on the Budget Office website [[IIID.4-03](#)]; annual audits and the CCFS 311 are posted on the Fiscal Services website [[IIID.4-04](#)].

Revenue comes from various sources to meet budgetary obligations and instructional needs such as state apportionment from the Chancellor's Office, property taxes, enrollment fees, and state, federal, and local revenues as shown in CCFS 311 [[IIID.4-05](#)]. The College renewed an agreement with Victor Valley College Foundation [[IIID.4-06](#)] in May 2014 for securing grants to benefit the College as well as administering the Contract and Community Education Departments to develop business opportunities and partnerships. Revenue and expenditures funnel through the District budget system, and all profits benefit the unrestricted General Fund Balance at year-end. Victor Valley College Foundation applies to external funding agencies for grants and forms local partnerships—for example, partnering with local prisons and local high schools for instruction through Contract Education. Other financial resources include lease of facilities to the San Bernardino County Head Start program, lease of facilities at the Regional Public Safety Training Center, revenues from the cell tower located on the Victor Valley College main campus, the solar panel agreement with Southern California Edison, and various grants secured by the Foundation. Additionally, the Victor Valley College Foundation allocates funds for department grants of approximately \$30K relieving the unrestricted budget of these expenditures. Each award is for a specific project or purpose, and a majority of these are for instructional departments. In 2008, a

\$297.5 million local bond (Measure JJ) was approved by voters [IIID.4-07]. This bond provides funds for capital improvements. A portion of the bond funds were utilized to build the Regional Public Safety Center in 2009 and then the new Science building in 2015. Currently, bond funds generated from Measure JJ are being utilized for the construction of the new Vocational building on the College's lower campus.

For planning and sustainability, VVC set up an irrevocable trust to be utilized for payment of the STRS and PERS increases for the next 2-3 years to relieve the General Fund and assist with balancing the budget. The trust was initially set up with \$2 million from the unrestricted General Fund and \$2.3 million of interest from the Guaranteed Investment Contract (GIC) [IIID.4-08, IIID.4-09, IIID.4-10] .

The Finance, Budget and Planning Committee [IIID.4-11] provides suggestions for budget allocations and makes recommendations for Program Review (PRAISE) [IIID.4-12] augmentations, which are aligned with institutional goals and the Education Master Plan [IIID.4-13].

Since VVC made the commitment to develop a balanced budget, efforts are needed to identify ways to increase efficiencies and improve its fiscal condition. In February 2015, the Superintendent/President developed The Consolidated Reports Taskforce (CRT) [IIID.4-14] to review the Fiscal Crisis & Management Assistance Team (FCMAT) [IIID.4-15] and the Cambridge West Curriculum and Enrollment Management Report [IIID.4-16]. Additionally, an IPEDS Taskforce was created to review the reports of peer colleges and make recommendations. These recommendations will be utilized to make operational, fiscal, and cultural changes.

Evaluation

The College meets the Standard. The College's institutional planning is intricately correlated with concise calculations of the financial resources available to the institution. The adopted budget for fiscal year 2015-2016 was the first budget since fiscal year 2010-2011 that did not utilize deficit spending as a way to cover operational expenditures. The college plan is to redesign the budget book to more clearly tie in the College's strategic priorities within the budget document. The College has developed financial resources and expenditure requirements by identifying more efficient ways of utilizing resources, including but not limited to the renovation of budget planning methodology to incorporate institutional goals while adhering to fiscally responsible spending practices.

Board Policy 6320a [IIID.4-17] was approved at the February 10, 2015 board meeting and allows the principle balance of the GIC to be utilized for General Fund expenditures as long as Board approval has been obtained. The policy also allows for the use of 100% of the interest until 2019/2020, and as of that time only 50% of the interest can be utilized for General Fund expenses or to cover a deficit.

The CRT Summary Report was completed in February 2016, and the IPEDS Taskforce recently completed their task. Enrollment management, positive attendance, and Schedule 25 have already been in discussions for increasing FTES and improving efficiencies. Currently, considerations are being made to effectively meet student needs instead of building a schedule to

only increase FTES. VVC is evaluating enrollment management practices that may be used to achieve mid-size college status allowing the student needs to drive the schedule while maintaining fiscal prudence.

Action Plan

The College will continue to cultivate revenue generating partnerships that will simultaneously increase services to students while enhancing the fiscal resources available to the District. The College will continue to craft goals of enhanced efficiency in the areas of enrollment management and curriculum development to maximize both course offerings and FTES. The District will continue to evaluate the utilization of technology as a means of expenditure reduction. The College will continue with the commitment of having a balanced budget.

IIID.4. Evidence

- IIID.4-01 [BP 6200 Budget Preparation](#)
- IIID.4-02 [Adoption of the 2016/17 Budget](#)
- IIID.4-03 [Budget Updates and Budget Info](#)
- IIID.4-04 [Fiscal Services](#)
- IIID.4-05 [2015-2016 CCFS-311A](#)
- IIID.4-06 [Memorandum of Understanding](#)
- IIID.4-07 [Bond Measure JJ](#)
- IIID.4-08 [Trust Resolution](#)
- IIID.4-09 [Board Cert for PARS Resolution](#)
- IIID.4-10 [Board Cert for \\$2M Transfer](#)
- IIID.4-11 [Finance Budget and Planning Committee](#)
- IIID.4-12 [FBPC 2016-17 Recommendations](#)
- IIID.4-13 [Educational Master Plan](#)
- IIID.4-14 [CRT Summary Report](#)
- IIID.4-15 [FCMAT Report April 2013](#)
- IIID.4-16 [Cambridge West Report Oct 2014](#)
- IIID.4-17 [BP 6320a Use and Distribution of GIC](#)

IIID.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.

Description

The College builds the budget based on allocations primarily from the State of California as well as other revenues from other state, federal, and local sources through grants, contract and community education, leases, and student fee payments. VVC assesses its fiscal management practices through several internal components as a part of the annual budget development cycle. Expenditure budgets are aligned with educational mission and goals through the execution of Board Policy 1200, District Vision, Values, Mission and Goals [[IIID.5-01](#)] and Administrative

Procedure 1201, Shared Governance Structure and Responsibilities implementation [[IIID.5-02](#)]. The annual budget is developed in alignment with Budget Development BP & AP 6200 [[IIID.5-03](#), [IIID.5-04](#)]; projections for two consecutive years are developed and disseminated for evaluation and review to several departments and contingency groups across campus through a variety of regularly scheduled processes and meetings prior to being submitted to the Board of Trustees for approval.

To assure the financial integrity and responsible use of financial resources, the District utilizes an internal control structure to guide budget development and disseminates information for decision making. Much of the budget planning process is initiated through the departmental program evaluation and budget development process: locally referred to as "P.R.A.I.S.E." (Program Review, Allocations, and Institutional Strategies for Excellence). The Finance, Budget and Planning Committee [[IIID.5-05](#)], a diverse Shared Governance team, provides oversight for program review (PRAISE) augmentations. Augmentation requests for PRAISE follow the College's integrated planning process [[IIID.5-03](#), [IIID.5-04](#)]; these augmentations are aligned with institutional goals and the Educational Master Plan [[IIID.5-06](#)]. Results for the allocation are communicated by the Superintendent/President to the campus community.

In an effort to strengthen the District's internal control mechanisms, during the fiscal year ending June 30, 2011 VVC contracted with a new audit firm. VVC Administration requested a more comprehensive audit be generated that resulted in a total of 16 audit findings. Those findings facilitated their vision of internal financial management procedures to comply with auditor recommendations in 2012 and led to the creation and implementation of new internal and interdepartmental processes. The revisions ensured campus-wide consistency in fiscal practices and procedures. District policies are observed; federal and state regulations are followed, and have also been integrated in internal grant procedures. Procedures are reviewed and updated regularly, and the auditors are consulted in the event clarification is needed for updating internal controls.

The annual audit reports are made available on the college website [[IIID.5-07](#)] and in the event there are audit findings, institutional leadership and constituents are notified. The appropriate administrators are notified of the specific findings related to their area, and Fiscal Services will work with the administrator and staff to rectify the problem and put procedures into place to prevent future audit findings in that area.

Fiscal procedures are in place to control over-expending budgeted allocations. Before any purchases are approved through the configured approval path for each budget, sufficient budget has to be in place or in process for a purchase order to be created [[IIID.5-08](#)]. Additionally, to have better management over special purchases such as computers, instructional and non-instructional software, and software licenses, the aforementioned items have to be approved by the Information Technology budget account manager. This was implemented to gain control over purchases to ensure the computers, software, and licenses are compatible with VVC systems and technology and to avoid duplication or unnecessary purchases if the College has available site licenses for a particular software program.

The Superintendent/President sends periodic budget reports via email to all faculty and staff. He has also recorded video campus updates using the College's own Communications Department and sent the link via email to the campus community. These efforts, along with increased

commitment to shared governance, have improved the feelings of transparency and improved campus climate.

Evaluation

The College meets the Standard. Periodic budget updates and annual budget information is available on the Budget Office website [[IIID.5-09](#)]; annual audits and the CCFS 311 are posted on the Fiscal Services website [[IIID.5-10](#)]. Administrators, staff, and faculty chairs are provided access to the financial system to view budget and activity detail for their departments. Group training is provided to faculty and staff for purchasing and report modules and individual training is provided on an as-needed basis. The fiscal services department has fully integrated its planning and procedure practices with departments to ensure that the District's fiscal planning is regularly reviewed and is cohesive with planning on an institutional level.

The College continues to adhere to externally conducted annual and semi-annual audits. VVC has not received audit findings on the past three annual audits [[IIID.5-10](#)]. The Fiscal Department meets regularly with other departments in order to address changing regulations and adopt new procedures as necessary.

Action Plan

The College will continue to work closely with departments and constituency groups across the campus to insure that the fiscal resources are responsibly utilized through a network of internal control systems so that the fiscal integrity of the College remains sound. VVC will also continue to review procedures that are vital to successful audit processes and publicly disseminate auditor findings and corrections.

IIID.5. Evidence

- IIID.5-01 [BP 1200 District Vision](#)
- IIID.5-02 [BP 1201 Shared Governance](#)
- IIID.5-03 [BP 6200 Budget Preparation](#)
- IIID.5-04 [AP 6200 Budget Development](#)
- IIID.5-05 [Finance Budget and Planning Committee](#)
- IIID.5-06 [Educational Master Plan](#)
- IIID.5-07 [Annual Audit Documents](#)
- IIID.5-08 [BP 6300 Fiscal Management](#)
- IIID.5-09 [Budget Updates and Budget Info](#)
- IIID.5-10 [Fiscal Services](#)

IIID.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.

Description

To assure the financial reports reflect appropriate allocations and use of financial resources, the (FBPC) Budget Committee reviews the tentative and adopted budgets. They utilize the assumptions [[IIID.6-01](#)] and PRAISE process [[IIID.6-02](#)] to make recommendations on the augmentations. These recommendations are submitted to the President and Cabinet for review and action. The last step is the budget is presented to the Board of Trustees (BOT) for approval. At each of these reviews, there is an opportunity for revisions or realignment based on new information from the Chancellor's Office, a change in assumptions or corrections as new information becomes available from the Governor or State. Expenditures are expected to support student success and equity, the Education Master Plan, and the mission of the College.

The BOT engages an independent Certified Public Accounting firm to perform annual audits of the College's financial statements [[IIID.6-03](#)]. Annual audits include all College funds. Separate reports are issued for the College and Bond Measure JJ [[IIID.6-04](#)]. The auditors review the annual audit with the President, Vice President of Administrative Services and Director of Fiscal Services and with the Board of Trustees. The audit reports are posted on the website for the community. On a basis, the President sends out a report on the status of the College, which includes the income and expenditures so all employees and BOT members know where the College is financially.

The Student Success Initiative was passed in 2012. The initiative has had a five-year progression from planning in 2012/13 to funding in 2016. This initiative has had a tremendous impact on the way Victor Valley College (VVC) addresses the allocation of fiscal resources for meeting student needs. In addition to the standard budgeting allocations processes and planning conducted by the fiscal services department, a more in-depth level of planning for the financial resources dedicated to student programs is steered by the Dean for Student Support and Equity and the Office of Instruction. Financial considerations for student needs and programs will not only include the college mission goals and master plan, but will also take into account the requirements of SB1456 and the recommendations of the Student Success Task Force [[IIID.6-05](#)].

Evaluation

The College meets the standard. In prior years the budgets were built using prior adopted budget regardless of actual expenditures. The 2014-15 and 2015-16 Adopted Budgets were revised to reflect the actual expenditures to ensure the most accurate adopted budget possible at the onset of the fiscal year.

In 2013, 2014 and 2015 the auditors issued the College an unmodified opinion and offered no management comments or findings [[IIID.6-04](#)].

The Fiscal Services Department has created procedures and work flow to address the processing of Student Success and Equity expenditures to ensure that all the funds earmarked for that program are fully capitalized in order to adequately support student learning programs. Budget codes are uniquely created for the Student Success and Equity Department so that funds can be accurately tracked and its usage monitored for both efficiency and regulatory compliance.

Action Plan

The College will continue to reassess and revise both the procedures and the documents it produces to ensure budgetary expenditure relevance and reporting accuracy. The financial resources allocated to student learning will continue to be reviewed and monitored by pertinent departments, constituent groups and all applicable regulating entities.

IIID.6. Evidence

- IIID.6-01 [2016-17 Adopted Budget Assumptions](#)
- IIID.6-02 [BP 6200 Budget Preparation](#)
- IIID.6-03 [AP 6400 Audits](#)
- IIID.6-04 [Annual Audit Documents](#)
- IIID.6-05 [Overview of the Student Success & Support Program](#)

IIID.7. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Description

The BOT engages an independent Certified Public Accounting firm to perform annual audits of the College's financial statements [[IIID.7-01](#)]. Annual audits include all College funds. Separate Reports are issued for the College, and Bond Measure JJ. The auditors review the annual audit with the Superintendent/President, Vice President of Administrative Services and Director of Fiscal Services to ensure an appropriate institutional response. The final audit report is reviewed and accepted by the BOT on or before the December 31 statutory deadline. The audit reports are posted on the website for the community. On a monthly basis, the President sends out a report on the status of the College, which includes the income and expenditures so all employees and BOT members know where the College is financially. In addition, the managers are sent reports of their respective programs and departments to review so they can keep updated on what has been expended and what is remaining in their respective budgets.

There were two audit findings in 2010 that were addressed. The College had a change in auditors for the year 2011; they were requested to give a more comprehensive review, which produced 16 audit findings. In 2012, the College reduced that to three audit findings and in 2013, 2014 and 2015 there have not been any findings [[IIID.7-01](#)]. Therefore, these findings were addressed in a timely manner. All of the Audit reports are posted on the College website for the community to see.

Evaluation

The College meets the standard. The College has received very positive unmodified audits for the past three years. An unmodified audit is an audit term, which means the auditors did not have to list any audit exceptions/findings or “modifications” as a result of the review. In addition, the auditors did not identify any deficiencies in internal control over compliance. The College posts the audit reports on the College website for the community to see.

Since the managers are sent reports for their respective programs and departments, they have a more realistic knowledge of what has been spent and what is still remaining in their budgets. This helps them to plan their spending to assist the students throughout the year.

Action Plan

The District will continue to submit all pertinent financial records and documents to external, autonomous auditors at regularly scheduled intervals. All audit results will continue to be reported publicly to the BOT at the Board of Trustee’s meeting.

IIID.7. Evidence

IIID7-01 [Annual Audit Documents](#)

IIID.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.

Description

Financial 2000 is the system provided through the county schools consortium; it provides adequate data and reporting functions to the College to monitor its fiscal activities. The Financial 2000 system was developed in such a way to be used by both K-12 and community college districts. This past year, the county has transitioned from the Snowwhite system to a web-based Financial 2000 system for payroll and a number of the financial systems. While College fiscal services staff provide support and training to College employees, the College has implemented the Ellucian Colleague enterprise system for student service areas. Both of these systems are built around a layered security system that includes data and network encryption packages, firewalls and audit tools that helps to thwart external attacks. The county performs a general ledger accounting close monthly to verify financial statements are in balance. In addition, the Vice Presidents and functional managers are responsible for interpreting board and administrative policies by establishing and monitoring internal controls through administrative procedures that protect the assets of the College and ensure validity of data and effectiveness of process.

Expenditures for special funds and the bond meet the requirements for each specific program. Staff attend training annually to make sure of compliance with the latest regulations. There is a bond oversight committee [[IIID.8-01](#)] that also makes sure the bond expenditures are in accordance with the regulatory and legal restrictions.

An independent Certified Public Accounting firm performs the annual audit of all financial recordings, including the Foundation and College Auxiliary Services [[IIID.8-02](#), [IIID.8-03](#)]. The auditors express an opinion of the financial statements and the adequacy of the accounting procedures and internal controls. Separate reports are issued for Victor Valley College and the Victor Valley College Foundation. The audit reports issued as of June 30, 2015 had unmodified opinions with no material weaknesses.

The fiscal services team consistently looks for ways to improve financial and internal control processes. They are currently looking at updating the travel policy guidelines. In addition, they are looking at the contract review process and developing a tracking sheet that will ensure the appropriate personnel review contracts before the Superintendent/President reviews and prior to Board approval. Beginning in 2016, they will reviewing all of the policies and procedures to make sure they are updated and in compliance with the regulatory agencies.

Evaluation

The College meets this standard. The College is in a process of continuous assessment and improvement. One method of assessing financial and internal control systems is through the annual audit process. The College has not had any audit findings in the last few years. The College is reviewing the travel policy and updating information on contracts and developing a tracking sheet that will ensure that the appropriate personnel review contracts before the Superintendent/President reviews and prior to BOT approval.

Action Plan

The College is reviewing BOT policies and procedures to make sure they are updated and in compliance with regulatory agencies

IIID.8. Evidence

IIID.8-01 [Measure JJ Bond Oversight Committee](#)

IIID.8-02 [Annual Audit Documents](#)

IIID.8-03 [BP 6400 Audits](#)

IIID.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.

Description

The past few years the College has maintained more than the 5% reserve required for the unrestricted General Fund (see below). The Finance, Budget and Planning Committee (FBPC) has developed Institutional Effectiveness Partnership Initiative (IEPI) targets, which plan for an increase in the reserve level up to 10% within a six-year time period.

13-14 was 18.3%

14-15 was 6.4% [[IIID.9-01](#)]

15-16 was 8.7%

The Superintendent/President meets frequently with division and department heads as well as the Budget and Planning offices in order to assess fiscal risk, potential financial liabilities and possible contingency incidents to ensure that reserves and cash flow are adequate to address unforeseen occurrence that might be of fiscal impact to the District.

The College budgets \$24,000 every year as a function of risk management. The budgeted amount is transferred to Fund 78, which is the Insurance Fund. The Insurance Fund is used to cover any necessary legal claims against the College. In addition, between \$300,000 to \$400,000 is budgeted every year as a reserve to be used for financial emergencies and unforeseen occurrences [IIID.9-02]. Board Policy 6320a, Use and Distribution of the Guaranteed Investment Contract (GIC) [IIID.9-03], was approved at the February 10, 2015 Board meeting and allows the principle balance of the GIC to be utilized for general fund expenditures as long as board approval has been obtained. The policy also allows for the use of 100% of the interest until 2019/2020, and as of that time only 50% can be utilized for General Fund expenses or to cover a deficit. The use of GIC interest is not budgeted for fiscal year 2016-17; however, the board policy allows for it as a contingency plan.

Evaluation

The College meets this standard. The unrestricted reserve has not fallen under the Board of Trustees required 5% reserve. Future plans are to increase the required reserves to at least double the current rate. There are sufficient plans in place to maintain appropriate cash flow and contingency reserves.

Action Plan

While the current cash flow and financial reserve levels are sufficient, the District will continue to look for methods of expenditure reduction and income generation in order to rely less on the interest generated by the GIC for operational needs and balancing the General Fund Budget. The District will continue to enhance and cultivate contingency planning sessions that are needed to address potential risks to the College's fiscal stability. The College will need to design and implement long-term financial strategies for raising and maintaining the reserve levels at a rate higher than 5%.

IIID.9. Evidence

- IIID.9-01 [Victor Valley CCD Fiscal Trend Analysis 14-15](#)
- IIID.9-02 [2016-17 Adopted Budget](#)
- IIID.9-03 [BP 6320a Use and Distribution of GIC](#)

IIID.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.

Description

The College's Fiscal Services Department is staffed with qualified personnel to oversee all finances including financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations, the foundation, and institutional investments and assets. Board policies ensure compliance and sound fiscal management. For instance, BP 3280 guides the adoption of procedures to assure timely application and processing of grant applications. BP 6320 [[IIID.10-01](#)] provides the parameters necessary to ensure that funds of the district that are not required for the immediate needs of the district be invested. Budget preparation, budget management, and fiscal management are also guided by BPs (i.e. 6200, 6250, 6300) [[IIID.10-02](#), [IIID.10-03](#), [IIID.10-04](#)].

External state audits are performed by independent auditors and any deficiencies in compliance are identified. These audits include the Foundation and the College Auxiliary Services. Over the past five years there have been no supplementary special audits required as the College has been found to be compliant. In addition to the audit process, the Finance Budget & Planning Committee provides regular monitoring of resource allocations prioritized through program review.

Evaluation

The College meets this standard. The College has a number of controls in place to ensure the effective oversight of funds. The fiscal services department has grants and contracts staff assigned to review and report on categorical and grant funding. The department has a Director and ten staff who support program and College staff in determining compliance and reporting requirements. Financial Aid cash management and reporting occurs through the Fiscal Services Department for the College.

All expenditures are reviewed and authorized at multiple levels to ensure appropriate use of resources entrusted to the College. The categories of expenditures are reviewed and approved using authorized signers, as designated by the Board of Trustees in Board Policy 6150 [[IIID.10-05](#)].

Grants, contracts, and Memoranda of Understanding (MOU) may only be executed by the Superintendent/President to a limit of \$64,000 with ratification by the Board of Trustees. All grants, contracts, and MOUs exceeding the \$64,000 threshold must be approved by the Board of Trustees. Managers of restricted funds must submit budgets and maintain prudent balances to meet the constraints of the project for its duration. Fiscal services staff verify expenditures and audit if there are questionable expenses.

Grant proposals are developed by faculty, administrators or staff members and must be reviewed by the Cabinet and appropriate operational administrators before submitting to the funding agency. Consistent with Board Policy 3280 [[IIID.10-06](#)], the Superintendent/President must sign

grant applications after he receives feedback regarding the implication of the grant on the institution in areas such as facilities, information technology, research, fiscal services, maintenance and operations as shown by the workflow and forms developed for proposing grant concepts[[IIID.10-07](#)].

When grants are awarded, the grant administrator interacts closely with fiscal services staff to establish accounts and budget information and subsequently monitors the grant-funds expenditures for reporting purposes.

The Victor Valley College Foundation is identified as an independent not-for-profit 501c-3 organization [[IIID.10-08](#)]. As such, the Foundation manages its fiscal activities independently. The Vice President of Administrative Services, as a member of the Foundation's Finance Subcommittee, reviews the financial activities of the Foundation on a monthly basis. In addition, the Superintendent/President serves as a member of the Foundation Board and receives regular updates about the Foundation's financial standing. The Foundation provides monthly reports its contribution to the College's Board of Trustees for its review and acceptance.

Institutional investments are governed by the San Bernardino Superintendent of County Schools regulations. Other Post-Employment Benefits (OPEB) liabilities investment is managed by Keenan and Associates and is supervised by an investment board comprised of College administrators.

The College hired a Director of Financial Aid in March 2010. The fiscal services and financial aid staff collaborate to develop processes for facilitating and expediting payments to students and return funds to the Department of Education in compliance of Title IV regulations. The College budget is continually refined, and aspects of the budget are communicated to the College community.

Grant administrators and fiscal services staff access Snowwhite and Financial 2000 to review revenues and expenditures. The College plans for components of a grant that must become institutionalized by earmarking resources from the general fund. Grant reports are completed and submitted as required by the terms of the grant and is one of the components in the College's annual audit [[IIID.10-09](#)]. Board Policy 6300, Fiscal Management [[IIID.10-04](#)], Board Policy 6330, Purchasing [[IIID.10-10](#)], and Administrative Procedure 6330, Purchasing Approval and Document Matrix [[IIID.10-11](#)] ensure adequate internal controls to assure the College's fiscal management is in accordance with the principles contained in Title 5 of the California Code of Regulations.

Payment for expenditures processed by Auxiliary Services staff are jointly reviewed by Auxiliary Services and Administrative Services staff. Consistent with Board Policy 2430 [[IIID.10-12](#)], the Board of Trustees delegates to the Superintendent/President the authority to enter into contracts on behalf of the District for up to \$64,000.

Action Plan

The College should prioritize the administrative procedure formalizing grant proposal development and administration to make sure that this AP completes the vetting process and is finalized.

IIID.10. Evidence

IIID.10-01	BP 6320
IIID.10-02	BP 6200
IIID.10-03	BP 6250
IIID.10-04	BP 6300
IIID.10-05	BP 6150
IIID.10-06	BP 3280
IIID.10-07	Grant Concept Form
IIID.10-08	IRS Determination Letter
IIID.10-09	Annual Audit Documents
IIID.10-10	BP 6330
IIID.10-11	AP 6330
IIID.10-12	BP 2430

Liabilities

IIID.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.

Description

The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. The College has several board policies that allow operation of the College in a manner that ensures fiscal solvency. Board Policy (BP) 6200 sets the criteria that unrestricted general reserves shall be no less than 5% [[IIID.11-01](#)].

When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. A three-year budget is developed every year in order to consider long-term financial solvency. As the College considers the new fiscal year budget, it will also consider the needs of future years. For example, during fiscal year 2015-16 the College used \$2.0 million of the one-time money received for state mandate compliance and \$2.3 million from GIC interest [[IIID.11-02](#)] in order to create an irrevocable trust for pension-related expenses.

The College clearly identifies, plans, and allocates resources for payment of liabilities and future obligations. BP 6320 [IIID.11-03] addresses how the College handles investments. The College has been very prudent with the creation of two irrevocable trusts. The other post-employment benefits (OPEB) trust was created several years ago and is currently 94% funded. For fiscal year 2016-17, the budget includes a transfer into the OPEB trust that will bring the fund up to 99% funded. During the fiscal year 2015-16, the irrevocable trust for pension-related expenses was created. The budgets for fiscal years 2016-17, 2017-18, and 2018-19 include a three-year drawdown of that trust in order to pay for pension increases.

Evaluation

Starting with fiscal year 2015-16, the College has done well with structuring budgets that emphasize short-term as well as long-term financial solvency. For fiscal years 2015-16 & 2016-17, the Board of Trustees approved a balanced budget. The budget forecast for the next two fiscal years shows deficit spending.

Action Plan

The College meets the standard. The College has an early warning indicator of deficit spending based on the FY budgets of 2017-18 and 2018-19, which were presented to the Board of Trustees. These predictive budget forecasts demonstrate the need to either generate more revenue or create greater efficiencies in order to better control costs. Another opportunity for improvement would be to increase reserves. BP 6200 sets the minimum reserve at 5%; however, the national Government Finance Officers Association (GFOA) published a “Best Practice” report in January 2015, which recommends a minimum reserve level of 10% of regular General Fund expenditures regardless of a district’s size. In order to increase reserves, the College will need to increase ongoing revenue, curtail expenditures or use any one time money it receives in order to build up reserve levels.

IIID.11. Evidence

IIID.11-01 [BP 6200](#)

IIID.11-02 [Resolution and Funding](#)

IIID.11-03 [BP 6320](#)

IIID.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.

Description

The College has taken steps to allocate appropriate resources for liabilities and future employee-related obligations by establishing a GASB 43 trust for future OPEB benefits. In October 2016 an actuarial study [IIID.12-01] was completed to access Other Post-Employment Benefits. The

College continues to evaluate liabilities and future obligations for planning and budgetary purposes and determine it was in the best interest of the College to establish a PARS Public Agencies Post-Employment Benefits Trust to help offset future costs of CalPERS and CalSTRS employer contributions.

Evaluation

The College meets the standard. According to the FCMAT report dated April 3, 2013 [\[IIID.12-02\]](#) there was an unfunded liability of \$336,636. Therefore, the District decided there was a need to allocate additional resources to help cover the known and unknown future costs of CalPERS and CalSTRS.

At the end of fiscal year 2016, the VVC District transferred \$2.3 million of the GIC interest accrued that fiscal year (FY) and another \$2 million from the Unrestricted General Fund (GF) into a PARS Irrevocable Pension Trust.

BP6320(a) , Use and Distribution of the GIC [\[IIID.12-03\]](#), allows up to 100% of the interest earned on the Principal to be used for GF expense budget items or cover any GF expense deficit up to FY 2019/2020. Beginning FY 2019/2020 no more that 50% of the interest may be utilized for GF expense budget items or expense deficit.

CalPERS and CalSTRS rates are due to increase during FY 2016/2017 through FY 2020/2021. CalSTRS, for FY 2016/2017 will be 12.58% but is estimated to reach 19.1% by FY 2020/2021 and CalPERS, for FY 2016/2017 will be 13.89% but is expected to reach 19.8% FY 2020/21.

Pension Costs reported in the 2015-2016 311A [\[IIID.12-04\]](#) are below and can be found on page 48 of the report posted on the Fiscal Services webpage.

For Actual Year: 2015-2016		Budget Year: 2016-2017		District ID: 990	Name: VICTOR VALLEY		
Fiscal Year	STRS		PERS		Total	Increase	
	Amount	Rate	Amount	Rate		Amount	Rate
2015-16	2,529,613	10.73%	1,439,972	11.85%	3,969,585	N/A	N/A
2016-17	2,991,418	12.58%	1,657,867	13.89%	4,649,285	679,700	17.12%
2017-18	3,453,223	14.43%	1,829,833	15.50%	5,283,056	633,771	13.63%
2018-19	3,915,028	16.28%	2,000,731	17.10%	5,915,759	632,703	11.98%
2019-20	4,376,833	18.13%	2,160,948	18.60%	6,537,781	622,022	10.51%
2020-21	4,618,968	19.10%	2,289,121	19.80%	6,908,089	370,308	5.66%

The administration felt the PARS Trust would allow the College to set aside funds in a tax-exempt vehicle to mitigate long-term contribution rate volatility.

Action Plan

The College will continue to monitor the OPEB and the PARS trusts to determine if they are sufficient to cover future liabilities. The College will continue to review the actuarial studies and utilize them for future planning purposes.

IIID.12. Evidence

IIID.12-01	Actuarial Study of Retiree Health Liabilities
IIID.12-02	FCMAT Report April 2013
IIID.12-03	BP 6320a Use and Distribution of GIC
IIID.12-04	CCFS 311

IIID.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.

Description

The College maintains appropriate reserves and prudent cash balances, managing its short-term obligations in an appropriate and fiscally responsible manner. The adopted budget of 2016-2017 includes plans for payment for liabilities and future obligations [IIID.13-01]. The College recognizes the base funding needs of each department and maintains that allocation on a yearly basis to the maximum extent possible as part of a maintenance of effort strategy. In addition, total cost of ownership considerations are key in evaluating departmental requests for equipment or technology. The District has a long-term general obligation bond, approved by the voters in the fall of 2008.

Since 2005–06, the College has accessed its long-term reserves to balance the revenue gap. During the past two fiscal years, the administration has aligned proposed budgets to prior years' expenditure trends in order to remove excesses from the expense budget. It also has applied onetime revenues from fiscal year 2010–11 through 2014–15 to reduce the budget deficit. These budgeting adjustments have enabled the College to balance its budget in fiscal years 2015–16 and 2016–17 without a need to access long-term reserves. However, the aforementioned contractual and inflationary factors [IIID.13-02] are predicted to produce budget deficits in fiscal year 2017–18 and beyond.

The College has a history of developing long-range financial plans. During the late 1990s it established a GIC [IIID.13-03] to support the institution's capital outlay and operational costs. In 2009, the College funded its Other Post-Employment Benefits (OPEB) obligations to ensure continued service to retirees, as well as to eliminate annual cost of premiums. Actuarial studies indicated an accrued liability of \$11,174,445. The annual required contribution (ARC) is estimated at \$644,720. The College's decision to fund the OPEB liability effectively reduced the budget deficit by the amount of the annual premium, hence preserving jobs.

The District has a long-term general obligation bond (Measure JJ) [[IIID.13-04](#)], approved by the voters in the fall of 2008. Resources from Measure JJ enable the College to update its aging mechanical and technology infrastructure to realize operational cost-savings in the future. One of the major initiatives of Measure JJ was repayment of a Certificate of Participation (COP) loan for approximately \$52 million. Repayment of the COP eliminated the College's long-term debt and helped secure a higher bond rating.

A one megawatt ground mounted solar field, located on six acres of the main campus has provided \$2.9 million in California Solar Initiatives (CSI) tax credits. Since 2011, the project reduces the College's energy operational cost by roughly 30% and is estimated to have a 5-year payback with a total savings over 25 years of over \$20 million.

The College continues to update its heating, ventilation, and air conditioning (HVAC) systems to better serve students and realize energy savings from modern, more efficient systems. It has also updated its Information Technology infrastructure and server equipment to reduce the energy usage. These efforts have resulted in receipt of energy incentive credits and reduced utility cost. Implementation of cost-saving measures, SERPs, and updating the College's infrastructure has helped reduce the existing structural budget deficit.

Evaluation

The College meets the Standard. As part of the annual budget process, the amount of property tax revenue needed to cover the debt service for the general obligation bond is appropriately budgeted. The College's loan/lease arrangements are also included in the expenditure budget each year. As long-term projects are evaluated, funding sources are considered in the planning process.

Action Plan

The College will remain alert to needed budget management controls and provide accurate and timely information for decision-making. There are long-term loan/lease agreements that are being evaluated for possible refinancing in order to benefit from lower interest rates.

IIID.13. Evidence

IIID.13-01	2016-17 Adopted Budget
IIID.13-02	CCFS 311
IIID.13-03	BP 6320a Use and Distribution of GIC
IIID.13-04	Bond Measure JJ

IIID.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 funding source.

Description

The College has a history of developing long-range financial plans. During the late 1990s it established a GIC to support the institution's capital outlay and operational costs. In 2009, the College funded its Other Post-Employment Benefits (OPEB) obligations to ensure continued service to retirees, as well as to eliminate annual cost of premiums. An actuarial study was completed to figure the current liability. In fiscal year 2015-16, the College established an irrevocable trust to fund the estimated cost of employee pension benefits.

All financial resources, including bonds, auxiliary activities, fund-raising efforts and grants, are used with integrity in a manner consistent with the intended purpose of the funding source. Resources from Measure JJ [[IIID.14-01](#)] and various grants has enabled the College to update its aging mechanical and technology infrastructure to realize operational cost-savings in the future. One of the major initiatives of Measure JJ was repayment of a Certificate of Participation (COP) loan for approximately \$52 million. Repayment of the COP eliminated the College's long-term debt and helped secure a higher bond rating for the District. This bond rating has enabled the College to complete a 2016 refunding, which in turned saved the District's taxpayers over \$18 million dollars.

The College has the Foundation, which works directly on securing grant funds and managing all fund-raising efforts meant for projects needed to further financial resources of the College. The Victor Valley College Foundation is identified as an independent not-for-profit 501c-3 organization [[IIID.14-03](#)]. As such, the Foundation manages its fiscal activities independently with oversight by a Board of Directors. The Vice President of Administrative Services, as a member of the Foundation's Finance Subcommittee, reviews the financial activities of the Foundation on a quarterly basis. In addition, the Superintendent/President serves as a member of the Foundation Board and receives regular updates about the Foundation's financial standing. The Foundation provides monthly reports of its contribution to the College's Board of Trustees for its review and acceptance.

Grant administrators and fiscal services staff access Financial 2000 to review revenues and expenditures. The College plans for components of a grant that must become institutionalized by earmarking resources from the general fund. Grant reports are completed and submitted as required by the terms of the grant and are one of the components in the College's annual audit [[IIID.14-02](#), [IIID.14-04](#)]. Board Policy 6300, Fiscal Management [[IIID.14-05](#)], Board Policy 6330 [[IIID.14-06](#)], Purchasing, and Administrative Procedure 6330 & 6331 [[IIID.14-07](#), [IIID.14-08](#)], Purchasing Approval and Document Matrix ensure adequate internal controls to assure the College's fiscal management is in accordance with the principles contained in Title 5 of the California Code of Regulations.

Payment for expenditures processed by auxiliary services staff are jointly reviewed by auxiliary services and administrative services staff. Consistent with Board Policy 2430 [IIID.14-09], the BOT delegates to the president the authority to enter into contracts on behalf of the District for up to \$64,000.

Grant applications are evaluated to ensure consistency with the mission and goals of the College. All categorical, auxiliary fundraising, and grant expenditures require the program administrator to assure that expenditures are in compliance with the goals and objectives of the program and the College. Limitations are placed on which expenditure categories can be used with auxiliary funds and with categorical funds based on grants and categorical criteria. In addition, the College's external auditors select transactions to be reviewed for compliance with program and College objectives, as well as legal and other constraints applicable to the use of funds. San Bernardino County Superintendent of Schools audits financial transactions to ensure the proper account coding is used as well as County and District policies and procedures are followed.

Evaluation

The College meets this standard. The College ensures resources are used in a manner consistent with policies and guidelines.

With regards to the GIC and other investments, BP 6320 [IIID.14-10] ensures the funds not required for immediate needs are invested. Other Post-Employment Benefits (OPEB) liabilities investment is managed by Keenan and Associates and is supervised by an investment board comprised of College administrators. Measure JJ bond projects have an oversight board [IIID.14-01] along with a single audit [IIID.14-02] completed yearly.

The Foundation is governed by a Board of Directors. For additional oversight, the College's vice president of administrative services as well as the president are involved with reviewing the Foundation's financial activities. The Foundation submits reports for the monthly BOT meetings.

Fiscal services staff work with grant administrators in reviewing revenue and expenditures to ensure proper account coding, identifying budget issues, and ensuring grant guidelines are followed. During an annual external audit, financials are tested for compliance with state and federal regulations. There have been no findings in 2013, 2014, 2015, and 2016. San Bernardino County Superintendent of Schools reviews and audits financial transactions against their policies and procedures as well as those of the College.

Action Plan

Accepting grant money oftentimes comes with high administrative costs and demand on the existing workforce. The College secured the \$15M California Career Pathways Trust (CCPT) grant in the 2014-15 fiscal year. This grant has placed high demand on the current workforce as well as requires the College to institutionalize two positions. These challenges must be considered at the beginning stages of grant development. Therefore, the College should prioritize the administrative procedure formalizing grant proposal development and administration to make sure that this AP completes the vetting process and is finalized.

IIID.14. Evidence

IIID.14-01	Measure JJ Bond Oversight Committee
IIID.14-02	Annual Audit Documents
IIID.14-03	IRS Determination Letter
IIID.14-04	BP 6400
IIID.14-05	BP 6300
IIID.14-06	BP 6330
IIID.14-07	AP 6330
IIID.14-08	AP 6331
IIID.14-09	BP 2430
IIID.14-10	BP 6320

IIID.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.

Description

The prior three (3) years default rates are as follows: 2011 was 24.6%, 2012 was 22.7% and 2013 was 21.5%. These were issued as follows 2011 on 7/26/14, 2012 on 8/8/15 and 2013 on 8/6/16. The default rate is within federal guidelines as it should be under 30% [[IIID.15-01](#)]. Even though the College meets federal guidelines for default rates, it is sending out student emails. In addition, the College has hired a default management firm to help maintain or reduce the default rate. The student loan program was eliminated in 2012.

The College continues to monitor and assess the Title IV programs to make sure it is in compliance with the Federal Regulations. The financial aid staff go to annual training, and both the financial aid and the fiscal service staff receive updates from the IFAP (Information for Financial Aid Professionals) website on changes as they occur.

Revenues are drawn down utilizing the three-day rule for Pell Grants and SEOG. Both are distributed to students using a debit/credit card so they have more access to utilize their funding in many various ways. They can also opt for direct deposit into their bank accounts.

Return to Title IV (R2T4) is monitored and calculated when students drop all of their classes or when they fail to complete all of their classes and school/student debts are returned within the required time frames. Financial aid sends letters to the students notifying them over their debt.

Students also have additional debts when they have no-show attendance in some of their classes, therefore producing an over-award that is due in full. Financial aid sends letters to the students notifying them over their debt. Currently VVC carries all of these debts.

The College has annual audits, which review all of the areas of financial aid: eligibility, awards, disbursements, over awards, debts, and drawing down of funds. The College has received unmodified audits for the past three years. An unmodified audit is an audit term that means the auditors did not list any audit exceptions/findings or “modifications” as a result of the review. In addition, the auditors did not identify any deficiencies in internal control over compliance [[IIID.15-02](#), [IIID.15-03](#)].

Evaluation

The College meets this Standard. The College’s default rates have been reduced each of the past 3 years, and the College plans to continue using a debt management company to continue to keep default rates below the federal guidelines. In addition, audit reports show the College has not had any findings or irregularities with internal controls. Attending training annually helps to keep current on the updates to the regulations so any changes can be implemented in a timely manner.

Action Plan

The College will continue to monitor the default rates and work with a default management company to keep the rate under the federal guidelines. In addition, the College will continue to monitor the student drops, no-shows, and failure to withdrawal that requires R2T4 calculations and annual training.

IIID.15. Evidence

- IIID.15-01 [Default Rates per NSLDS](#)
- IIID.15-02 [Annual Audit Documents](#)
- IIID.15-03 [BP 6400](#)

Contractual Agreements

IIID.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.

Description

Grants, contracts, and Memoranda of Understanding (MOU) may only be executed by the Superintendent/President to a limit of \$64,000 with ratification by the Board of Trustees. All grants, contracts, and MOUs exceeding the \$64,000 threshold must be approved by the Board of Trustees. Managers must adhere to both unrestricted and restricted fund guidelines and are responsible for the maintenance of budgeted program balances. Fiscal services staff verify expenditures to the general ledger budget balances and work directly with the accounting/project managers in regard to any required reporting requirements.

All contracts for goods and services are reviewed and approved by the Board of Trustees either as a separate action item or included under the consent agenda. Contracts are reviewed by counsel and noted accordingly on each agenda item. The San Bernardino County Superintendent of Schools serves as the District's fiscal agent and therefore reviews all contracts for accuracy and compliance and occasionally audits selected transactions from requisition point through payment to the vendor (Board Policy 6400 [[IIID.16-01](#)], Audits [[IIID.16-02](#)] and Administrative Procedure 6400 [[IIID.16-03](#)]). Audits are in place to ensure that annual audits of funds, books, and accounts of the College are in accordance with regulations of Title 5 of the California Code of Regulations.

Evaluation

The College meets the Standard. Contractual agreements with external entities are consistent with the mission and goals of the institution. The College has processes in place to verify that the procedures are being followed. All requisitions for contracts must go through an approval path in the Financial 2000 system from the requesting department. The requisition will have to match the contractual agreement that is reviewed legally and has a wet signature of the Superintendent/President. After budget accounts are checked and funding sources are checked for compliance, it is created into purchase order with the approval of the Board of Trustees. The annual audit is performed to make sure that the College is in compliance with all board policies.

Action Plan

The College follows continuous improvement processes. A contract review process is currently under development to ensure that the College does not enter into any agreements that are not advantageous.

IIID.16. Evidence

- IIID.16-01 [BP 6400](#)
- IIID.16-02 [VVCCD Annual Audit 2014-15](#)
- IIID.16-03 [AP 6400](#)