

Board of Trustees FCMAT Update



August 11, 2020
Presented by FCMAT Leads Team

PALOMARPOWERED



INTRODUCTORY STATEMENT

In December 2019, President Hensch and I presented a plan to address FCMAT recommendations to the Board of Governors. We identified the 8 major FCMAT recommendations and our plan to address each of them. At that meeting, we were assigned a Fiscal Monitor to monitor our progress and report back to the Chancellor's Office.

Since that time, our team will close the FY2019-20 Budget after the OPEB contribution with a 70% improvement to the budget deficit, closing at approximately \$1.8 million deficit (vs. the original \$11.7). Communication to campus, collaboration, and pro-active solution-oriented approach has increased significantly in the last six months.

Our FCMAT leads will update you on each of the 8 recommendations.

FCMAT RECOMMENDATION #1 - BARGAINING/ DEPENDENT AUDIT

In July, successful negotiations concluded and were ratified with the classified union (CCE), resulting in restructured health benefit plans. Negotiations regarding faculty benefit changes, just concluded in August. Unrepresented employees will receive the same new benefit plans. Open enrollment will begin August 10, with the effective date of October 1, 2020 for the new plans. Negotiations will convene soon to continue addressing the structural deficit.

The Benefit Dependent Audit is scheduled to conclude in mid-August. Initial analysis indicates that a significant number of individuals have been removed from the dependent roles.

FCMAT RECOMMENDATION #2 - AUDITING

In Fall 2019, planning began to implement a formal internal audit function. The plan included performing an abbreviated risk assessment, to set the prioritization of internal audit engagements identified in the FY2019-20 Internal Audit Plan. The plan was implemented during the second half of FY2019-20 and served primarily as an initial roadmap for the District's newly formalized internal audit function. The resulting Internal Audit Plan was approved by the Governing Board in February 2020.

The District's former Director of Financial Aid provided a list of specific, Title IV Student Financial Aid compliance requirements for review and evaluation to determine the District's level of compliance. Upon receiving this information the District's Internal Auditor worked in collaboration with the Senior Director, Enrollment Services and Interim Financial Aid Director to perform a review of the items. As a result of this review a compliance workgroup was established with several goals. Primarily, this workgroup will determine the operational area of the District or staff primarily responsible for each item, discuss what actions are required to achieve and or maintain compliance and to establish a plan for ongoing monitoring to ensure the District remains compliant going forward. Many of the items require the District to provide or to make certain information available to staff, current students or prospective students. The workgroup is also charged with determining how to best deliver the information. Examples of this information include the annual District security report, drug prevention program information and other consumer information.

FCMAT RECOMMENDATION #2 - AUDITING

The District has established a detailed schedule to review its Ch. 6 Board Policies (BP) and Administrative Procedures (AP). Due to the large number of chapter 6 BPs and APs, the task was divided into three subgroups. Of those three subgroups, Group 1 has completed the review process of Administrative Procedures. The associated Board Policies are due for second review by the Governing Board at the regular meeting on August 11. Group 2 started the shared governance review process before the summer break. It will be completed in the fall. Finally, Group 3 will begin the same review process in September and will be completed prior to the end of the Fall 2020 term.

In Fall 2019, the District implemented a fraud hotline to allow staff, students and the general campus community to report concerns regarding potential fraud, waste and abuse of District funds or assets. The hotline, which consists of a reporting mechanism (a report that can be printed and filled out), a call-in number and an email inbox, is currently monitored by the District's Internal Auditor. In the November 2019 FCMAT report there were observations that called for further testing and refinement of the District's fraud hotline procedures. Currently, the District is in the process of refining its hotline, the reporting tool available (to allow for digital submission) and with publishing general guidelines that inform complainants how their submission will be addressed. These refinements will be completed prior to the upcoming report to the Board of Governors.

The District's initial internal audit plan, which was first approved by the Governing Board in February 2020, will be updated by the issuance of the 2020-21 internal audit plan.

FCMAT RECOMMENDATION #3 - MANAGEMENT STRUCTURE

A review of organizational structure has been ongoing. All VPs are reviewing their respective areas.

Some changes occurred on July 1st – including the Police Department, Articulation & Reading.

We are identifying realignment and redeployment of positions/personnel, as there is a clear determination of continued remote work for the Fall 2020 semester.

FCMAT RECOMMENDATION #4 - BUDGET DEVELOPMENT

The FY 2020-21 budget development practice is changing from a historic roll-over budget to departments building their respective supply and other operating and equipment spending plan from the ground up.

Budget assumptions are carefully vetted through the participatory governance council – Budget Committee – that meets semi-monthly.

The college also developed the use of multi-year projections to better understand today's decisions and out year implications.

As a first step to have planning drive resource allocation, Restricted Lottery and Instructional Equipment grants were reviewed and prioritized by the Office of Instruction and built into the FY 2020-21 institutional budget.

The next phase, for FY 2021-22 budget development will be informed through our Program Review Plans (PRP), identifying various resource needs, including staffing, facilities, and support services to be funded on a priority basis and incorporated into the budget.

FCMAT RECOMMENDATION #5 - ENROLLMENT MANAGEMENT

The Enrollment Management Task Force has completed a 1st draft of the Strategic Enrollment Management (SEM) Plan 2020-2023, having updated the 2016-2019 plan with current data and a renewed action plan. An updated SEM timeline will result with the finalization of the action plan.

The Task Force has also devised a Student-Centered Funding Formula calculator, which allows us to calculate FTES in various scenarios for our base, supplemental, and student success allocations.

Ready for rollout into our shared governance process as well, is our Program Development, Revitalization, and Discontinuance Policy, which is a reworking of the earlier version of Board Policy and Administrative Procedure 4021: Discontinuance of Career-Technical Programs.

FCMAT RECOMMENDATION #6 - DATA INTEGRITY

The data integrity team developed a method and process for validating the data elements included in the Student-Centered Funding Formula (SCFF). In addition, the Team is creating a Strategic Enrollment Management (SEM) “data warehouse.” While not technically a data warehouse, the work product will include views of agreed upon data sets in PeopleSoft. Standard reports will be developed using these table views so that institutionally everyone is working from the common data set.

Information Services has nearly completed the first table view which focuses on course and schedule data. Once completed, two standard reports will be created. The first report already prototyped by Institutional Research and Planning will include a standard set of SEM data elements. The second report will enhance and add FTES and FTEF elements to a current daily report used by Instruction to track enrollments. For the user-interface, the data integrity team is tentatively recommending utilizing MicroSoft Power BI, a data visualization and analytic tool.

FCMAT RECOMMENDATION #7 - POSITION CONTROL

TECHNOLOGY PROCESS IMPROVEMENTS

Commitment Accounting (CA) is used to budget for payroll expenses and track actual payroll costs in PeopleSoft Human Capital Management (HCM); and, exchange this information with PeopleSoft Financials to keep both systems in sync and to keep our budgeting information accurate. In June 2020, ERPA Consultants and the Palomar project management team had their initial meeting to assist Palomar in this process.

We are currently working on the CA Configuration Deep Dive document that details the PeopleSoft CA functionality and configurations so we can implement this system. This document guides decisions regarding PeopleSoft and business processes. The goal is to use all PeopleSoft delivered functionalities and this work will allow us to do so. The CA launch date is June 2021.

FCMAT RECOMMENDATION #7 - POSITION CONTROL

INTERNAL PROCESS IMPROVEMENT: POSITION EFFICIENCY, AUTHORIZATION, AND APPROVAL PROCESS

In addition to technology changes, we also needed to change internal processes. Efficiency guidelines to assess current staffing needs and resources to be used prior to submitting a request for a position have been developed. A process to identify critical positions that will remain budgeted even when vacant was also created. Having these metrics will help us track positions and needs as we go forward.

The Human Resources and Fiscal services team also developed a quarterly report to summarize positions, to be shared with the executive team and managers. A quarterly review of vacant positions will allow for a more systematic review of needs and tie to budget availability.

FCMAT RECOMMENDATION #8 - PROFESSIONAL DEVELOPMENT

In an effort to provide training that will generate positive outcomes for the other FCMAT recommendations, the Professional Development (PD) Department is creating specific and cyclical training to better prepare all College stakeholders/decision-makers to perform in a manner that will reflect the best practices we seek to embrace.

The role of PD is to assist any aspects of training that can further our goals of meeting and exceeding the FCMAT recommendations. This work continues to steadily progress as we seek to meet the needs of the College and all stakeholders.

This work has led us to pursue several attainable goals and to allow for milestones to reflect the positive direction PD is committed to in moving the College forward.

FCMAT RECOMMENDATION #8 - PROFESSIONAL DEVELOPMENT

We have significant progress on training in Ed Code, Title 5, Board Policies and Administrative Procedures for all employees.

An Introductory/Overview Presentation was created and is available on the PD Portal and is designed to be taken independently or assigned by a supervisor. We also established regular fiscal training sessions that will cycle each month following regular Governing Board meetings. These sessions are available in the PD Portal and include Requisition Training, Budget Development Training, Budget Transfer Functions and PeopleSoft Payment Request. A step-by-step training guide is also available.

An annual training calendar will launch at the end of August. PD will work the President's Office to develop an improved onboarding process and training to differentiate policy from operations.

FCMAT RECOMMENDATION #8 - PROFESSIONAL DEVELOPMENT

SUMMARY TRAINING PROVIDED TO THE BOARD OF TRUSTEES

November 12, 2019: [FCMAT report](#) findings and recommendations by Michelle Giacomini

January 28, 2020: [FCMAT Update](#)

February 11, 2020: [Internal Audit Plan](#)

February 19, 2020: ACCJC [workshop](#) with Stephanie Droker

March 10, 2020: [FCMAT workshop](#) with Michelle Giacomini

July 14, 2020: [Tentative Budget](#)

The Board of Trustees have also received links to a training video on the Brown Act and an Ed Code Introductory training created by our PD team.

CENTER STATUS UPDATE

In late fall 2019, Fallbrook and Rancho Bernardo Education Center reached the 500 FTES threshold to qualify for center status and an application was submitted to the Chancellor's Office.

Political circumstances and college fiscal challenges caused the Chancellor's Office to pull the Education Center applications off the Board of Governors January 2020 agenda

At this time, the FTES tracking and recordings have been updated at both Education Centers. The Fallbrook Education Center is now nearing the 1000 FTES threshold, equating to about \$1.3 million in funding.

In November this year, as part of Palomar's FCMAT update to the Chancellor's Office and Board of Governors, we will present to the Chancellor's Office the Fallbrook and Rancho Bernardo Education center application for re-consideration.

If approved, the College anticipates Fallbrook Education Center funding to start as early as FY 2022-23 and the Rancho Bernardo Education Center to follow in FY 2023-24, strengthening the college's fiscal stability.

FCMAT UPDATE SUMMARY TABLE

| Recommendation | Short Title | Progress |
|----------------|--------------------------|---|
| 1 | Negotiations | Benefits (Classified, Unrepresented), Benefit Audit |
| 2 | Audit | Audit Plan, Compliance Audit, Board Policy |
| 3 | Management Structure | Continued Review, Some Changes |
| 4 | Budget Development | Budget Build vs. Rollover, Multi-Year Projections |
| 5 | Enrollment Management | SEM Plan, SEM Timeline, SCFF Calculator |
| 6 | Data Integrity | SCFF Data Validation Process, SEM Data Warehouse Course Table View |
| 7 | Position Control | Commitment Accounting Project, Interim Process Improvement |
| 8 | Professional Development | Intro Training Title V, Fiscal Training Materials, Annual Training Calendar |

CONCLUDING STATEMENT

We have made a lot of progress since December. As our Fiscal Monitor suggests, we are not done, we have a ways to go and we must continue with our progress.

Our internal communication and collaboration has improved significantly and will aid us in our next steps in furthering our goals. We need to make continued improvements in our structural deficit. We have more projects and new processes needed to continue to make improvements and will to continue to pursue revenue opportunities to ensure long-term fiscal stability.