

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern, layered effect.

FISCAL OVERSIGHT OBJECTIVES OF THE THREE MAJOR CCC FISCAL OVERSIGHT AGENCIES

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DISCLAIMER

- ▶ I am a consultant for both the ACCJC and FCMAT, and I have conducting fiscal evaluations for the CCCCCO through FCMAT contracts
- ▶ I am NOT authorized to formally express polices or procedures for any of the three agencies
- ▶ So, anything I share today reflects my personal positions and perceptions and do not in any way imply policy or procedure positions of the three agencies

The Three Major Oversight Agencies

- ▶ **ACCJC** - Accrediting Commission for Community and Junior Colleges
- ▶ **CCCCO** - California Community Colleges Chancellor's Office
- ▶ **FCMAT** - Fiscal Crises and Management Advisement Team
 - ▶ Not really an oversight agency, but.....
 - ▶ More details to follow

Coordination Among the Three Agencies + 1



Coordination Among the Three Agencies

- ▶ This year major steps were taken to coordinate terminology and data submission requirements
- ▶ Coordination facilitated by FCMAT and the ACCJC contracting with same consultant, the CCCCCO contracting with Cambridge West Partnership (CW/P), for which the same consultant works
- ▶ There are still differences necessitated by the three different missions of the three agencies
- ▶ For example, ACCJC accredits colleges but CCCCCO monitors districts

The Three Agencies - BASICS

OVERVIEW

OBJECTIVES

METHODOLOGY

ACCJC - Overview

- ▶ Federally mandated to
 - ▶ Require **colleges** to submit fiscal data
 - ▶ Annually assess the fiscal health of the **colleges**
- ▶ More details from Dr. Drocker tomorrow

ACCJC - Objectives

- ▶ Fiscal Oversight Objectives - assess:
 - ▶ Fiscal strength and stability of the college
 - ▶ The capacity of the district to meet its mission

Annual Fiscal Report Review Process



ACCJC - Methodology

- ▶ Colleges submit AFRs and Audits
- ▶ CFI (Consolidated Financial Index) used to assign a fiscal health point value to each college
(CFI - nationally recognized methodology)
- ▶ Results reviewed by the Fiscal Advisory Committee
(includes 2 ACBO reps.)
- ▶ Recommendation to Commission; Commission Acts

Results of the CFI Analysis of the AFRs

- ▶ Colleges divided into three health categories
 - ▶ Healthy, no further analysis or follow-up required
 - ▶ Monitor
 - ▶ Potentially at risk - follow-up required

ACCJC - Potential Follow-ups Include

- ▶ Do nothing
- ▶ Just monitor data available in CCCCO.edu
- ▶ Follow-up contacts with the college
- ▶ Site visit
- ▶ Require additional information or follow-up reports from the college

CCCCO - Overview

- ▶ Required by both the Ed. Code and Title 5 regulations to monitor the fiscal health of districts
- ▶ Note - monitors Districts, not colleges
- ▶ Authorized and funded to contract with FCMAT to perform more in-depth investigations

CCCCO - Objectives

No CCCCCO formal goals or objectives related to fiscal monitoring

- ▶ Title 5, Section 58311, *Principles of Sound Fiscal Management*
- ▶ Those are principles, but principles to achieve what objective?

CCCCO - Methodology

- ▶ Relies on information submitted by the districts
 - ▶ CCFS 311, CCFS 320
 - ▶ Annual audit summaries submitted by districts' CPAs
- ▶ If questions about data CCCCCO contacts the district directly
- ▶ Note: all information considered is submitted and certified by the districts

CCCCO - Potential Follow-Ups Include

- ▶ Contact by phone or e-mail
- ▶ Suggest district contract with FCMAT for “*Management Advisement*”
- ▶ Require FCMAT on-site study, and funds it
- ▶ Most extreme cases - contracts with FCMAT to insert a Special Trustee, a Czar

(Note - Legislation gives Special Trustee almost the full authority of an elected Board of Trustees)

FCMAT - Overview

- ▶ Quasi governmental agency(.org not .gov)
- ▶ More active and legislatively-driven for K-12s
- ▶ In CCC world usually contracts with consultants
- ▶ Many districts use its *Fiscal Health Risk Analysis Checklist*
- ▶ CCCCO contracts with it, and refers districts to it
- ▶ Certain circumstances - legislation requires CCCCO to contract with FCMAT for intervention

FCMAT's Fiscal Health Risk Analysis Checklist (FHRA)

- ▶ District use of FHRA checklist:
 - ▶ Assess fiscal health and solvency of their district
 - ▶ Identify areas of weakness that should be addressed in order to remain fiscally solvent
 - ▶ Provide elected boards and/or district administrators with a tool to help them provide information about, as well as practice, responsible fiscal stewardship
- ▶ FCMAT use of checklist: Step #1 if invited by, or sent into a district by CCCCCO

FCMAT - Methodology

- ▶ Always starts with the FHRA checklist
- ▶ After the checklist initial analysis next steps dependent on the terms of the contract

FCMAT - Potential Follow-ups Include

- ▶ Follow-ups completely depend on the terms of the engagement contract
- ▶ Final FCMAT communications and actions are public records
- ▶ Even when a district voluntarily contracts with FCMAT for *advisement* final FCMAT report is on an open session agenda

ARE YOU WONDERING?

What Are The Most Important
Criterion Used by the Three
Agencies?

KEY CRITERIA FOR FISCAL HEALTH ANALYSIS - I

- ▶ Unrestricted General Fund Metrics
 - ▶ Ending Balance % of expenditures
 - ▶ Dedicated *Reserve for Economic Uncertainty* within fund balance
 - ▶ Total Compensation (1000, 2000, 3000) % of Expenditures

KEY CRITERIA FOR FISCAL HEALTH ANALYSIS - II - Annual Audit

- ▶ **Timely or Late?**
- ▶ Opinion - **Modified** or Unmodified?
- ▶ Schedule of Findings and Questioned Costs
 - ▶ How many? What type
 - ▶ **Unresolved** prior year?

KEY CRITERIA FOR FISCAL HEALTH ANALYSIS - III

- ▶ Leadership Stability
- ▶ Enrollment Patterns
- ▶ Multi-Year Trends

Questions? Loose Ends?



THE END