

# 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 been conducting fiscal evaluations for the CCCCO through FCMAT contracts
- ▶ I am NOT authorized to formally express policies 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 CCCCO 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 CCCCO monitors districts

# The Three Agencies - BASICS

OVERVIEW

OBJECTIVES

METHODOLOGY

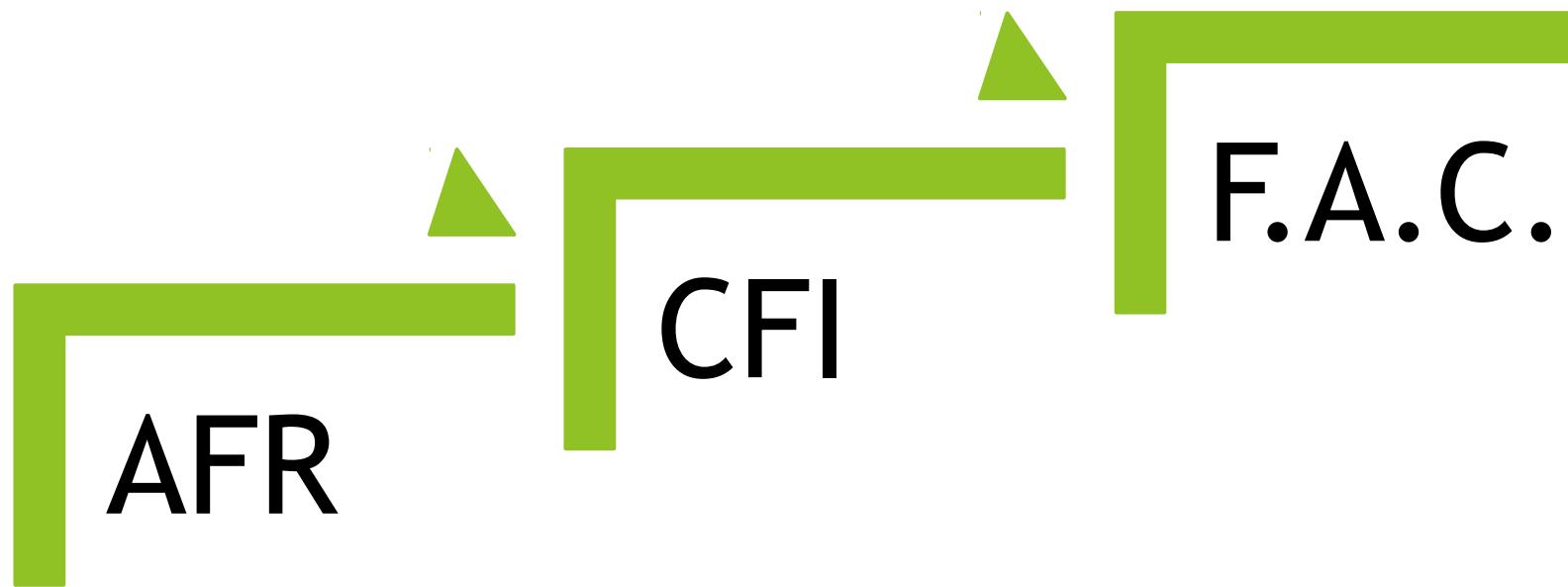
# ACCJC - Overview

- ▶ Federally mandated to
  - ▶ Require **colleges** to submit fiscal data
  - ▶ Annually assess the fiscal health of the **colleges**
- ▶ More details from Dr. Drocke 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 CCCCCO.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 CCCC0 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 CCCCO

# 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*