

Standard III.D Financial Resources

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning are integrated with institution planning.

III.D.1

The institution relies upon its mission and goals as the foundation for financial planning.

Descriptive Summary

College of San Mateo is one of three colleges in the San Mateo County Community College District and has an annual budget including benefits of \$33,976,416 in unrestricted general funds and \$13,169,501 in restricted funds as of July 1, 2006. This information can be found in the San Mateo County Community College District 2006-2007 Final Budget Report (Ref. 1). In addition, facility services, which includes buildings and grounds and custodial services, is provided to the college via the district-wide facilities department.

College of San Mateo has developed a Mission Statement and strategic objectives consistent with the Mission Statement. Each year the Mission Statement and objectives are reviewed and modified if necessary. The review process begins with the Strategic Planning Committee. Recommendations are forwarded to College Council for its review and approval. The Budget Subcommittee of College Council then makes budget recommendations to College Council based on the mission and objectives.

Assessment

College of San Mateo meets this standard. College of San Mateo relies upon its Mission Statement (Ref. 26) and strategic objectives as the foundation for financial planning. Financial planning at College of San Mateo incorporates college and district information and is linked to the college's Strategic Plan, 2006-2008 (Ref. 2).

This plan sets the strategic objectives of the college and identifies action steps necessary to achieve the objectives. The action steps are carried out using the financial resources of the college. Currently, the Strategic Planning Committee is working to refine the action steps to better identify the costs associated with the action steps. As action steps are completed, they are either removed, or they are modified, as appropriate. For example, under the strategic objective of programs and services, one action step is to implement new programs. In 2006-2007 the college implemented a new insurance certificate program (completed action step) and received a \$500,000 grant for implementing an electronics instrumentation program (modified action step).

Plan for Improvement

None needed at this time.

III.D.1.a

Financial planning is integrated with and supports all institutional planning.

Descriptive Summary

Financial planning at College of San Mateo is integrated, incorporates college and district information, and is linked to the college's strategic plan (Ref. 2). Institutional planning begins at the department level with annual program reviews, which involve faculty, staff as appropriate, department heads, and division deans. Program reviews include recommendations for new faculty and staff positions and instructional and non-instructional equipment. College of San Mateo augments program reviews with a technology plan (Ref. 3), enrollment management plan (Ref. 4), growth plan (Ref. 5), and a master plan for facilities (Ref. 6). An educational master plan is also under serious consideration and likely to be developed; once completed it would be the keystone of the institutional planning process. Information from the annual program reviews and various campus plans provide a basis for the strategic planning process.

The Strategic Planning Committee has representation from all college constituents: faculty, students, classified staff, and administrators, including the college president. Each year the committee meets to review the college's Mission Statement and strategic objectives. The committee develops or modifies action steps as necessary to achieve the stated objectives. The revised strategic plan is then forwarded to College Council for review, modification, and approval. College Council is also configured to include all college constituents, including the college president. The strategic plan, which is derived from the Mission Statement and includes objectives and planned actions, is the foundation for college financial decisions.

College of San Mateo has a budget subcommittee that reviews and makes recommendations on the annual budget. The Budget Subcommittee is a subcommittee of College Council and, like College Council, is made up of representatives from all campus constituencies as well as the senior administrators who comprise President's Cabinet. Budget recommendations move through the institutional planning process to President's Cabinet and to the Budget Subcommittee for review. Recommendations then move from Budget Subcommittee to College Council for final review and recommendation to the college president. All members of President's Cabinet are also members of the Strategic Planning Committee, ensuring that the institutional planning process is tied to the financial planning process (Ref. 7).

Financial planning at the district level is linked to the college planning process. The District Committee on Budget and Finance includes constituents from all three colleges. Two members of College of San Mateo's Budget Subcommittee serve on the district committee, which allows for timely communication between the college and the district.

An annual assessment of financial resources begins at the district level. The District Committee on Budget and Finance meets on a regular basis to discuss issues such as the governor's budget proposal, estimating funds likely to be available and discussing the ongoing fiscal commitments of the district (Ref. 8). Information on the availability of financial resources is shared with the College of San Mateo Budget Subcommittee. The

District Committee on Budget and Finance makes a final budget recommendation to the chancellor based on available information. The chancellor then makes a recommendation to the Board of Trustees, which adopts the final budget. A new allocation model based on multiple factors including college enrollment (Ref. 1) is used to distribute the estimated funds to the three colleges.

Assessment

College of San Mateo meets this standard. The College of San Mateo Strategic Plan, 2006-2008 (Ref. 2) contains the college's strategic objectives; these objectives have action steps for carrying them out and a suggested time frame for each action step. In this way, the college knows what action steps are to be completed within a particular budget cycle. For example, under the strategic objective of diversity, two action steps are to continue to offer college-sponsored events and activities that focus on diversity, and to increase the visibility of the Diversity In Action Group (DIAG) initiatives. In 2006-2007, the President's Office funded activities to address both action steps, through external funding and through an augmentation of discretionary funds from the President's Office.

The college's Strategic Planning Committee, in developing the college's strategic plan, takes each of the college's various plans—technology, enrollment management, growth, and facilities—into account. The college is currently considering an educational master plan that uses the strategic plan as its basis. College of San Mateo establishes its priorities via the strategic plan. The process of annually reviewing objectives and action steps ensures that funding will be available to implement the strategic plan. Financial planning is integrated with and supports institutional planning. Institutional planning begins at the department/program/unit level.

Departments/programs/units prepare annual program reviews in which they assess their accomplishments and learning outcomes, establish goals, and identify needs for meeting those goals. For example, through this process needs for additional faculty, as well as equipment and instructional materials, are identified at the department and division levels. The president, after determining the amount of funds projected to be available, makes a recommendation on the number of positions to be filled. The instructional administrators, together with the dean of counseling/advising and matriculation and the president of the Academic Senate, meet and prioritize all of the requests for faculty and develop their recommendations. These recommendations for specific new faculty positions are then forwarded to the president. The Budget Subcommittee and College Council review the recommendations to ensure that funding is integrated with and supports institutional planning. Similarly, recommendations for equipment and instructional materials are developed at the department and division levels, prioritized by the instructional administrators, and reviewed by Budget Subcommittee and College Council.

Plan for Improvement

None needed at this time.

III.D.1.b

Institutional planning reflects realistic assessment of financial resources availability, development of financial resources, partnerships, and expenditures requirements.

Descriptive Summary

Institutional planning reflects realistic assessment of financial resources availability. In January of each year, the governor proposes a budget for the next fiscal year. The District Committee on Budget and Finance, the Budget Subcommittee at the college, and President's Cabinet simultaneously evaluate the proposed budget in detail. Information evaluated includes projections of property taxes, student fees, and miscellaneous revenues as well as proposed state revenues and projected student enrollments. Based on the information available, the District Committee on Budget and Finance makes a recommendation to the chancellor in late March or early April. The projected revenues are then processed through the district-wide resource allocation model (Ref. 1). Each college's allocation is determined, and the figure for College of San Mateo is used to begin preparation of the tentative budget. College Council is apprised of this tentative budget figure. In May, the governor's revised state budget as well as any other substantive budget information is evaluated, and the tentative district and colleges' budgets are revised if necessary.

According to both the 2005 survey of faculty and administrators, and the 2005 survey of classified staff, those who responded agree or strongly agree that the district office distributes resources fairly. Interestingly, however, 46 percent of faculty and administrators (Ref. 30, question 60) and 57 percent of classified staff (Ref. 31, question 50) responded that they didn't know.

Institutional planning reflects development of financial resources. College of San Mateo is dependent upon state revenues for a major portion of its funding and is, therefore, highly sensitive to fluctuations in enrollment. Currently, ongoing efforts to increase enrollment include a special allocation of funds for this purpose (Ref. 1).

Institutional planning reflects expenditure requirements. College of San Mateo's budget is approximately 94 percent salaries (Ref.1). Utilities, benefits, insurance, and other expenditures are a part of the district's budget. Since salaries comprise such a large percentage of the budget, the focus of the Budget Subcommittee is primarily on requests for new positions. Requests for new positions are generated as part of the annual program review process carried out by the various instruction departments and student services units on campus. President's Cabinet reviews requests for new positions, followed by review by the Budget Subcommittee and finally by the College Council.

The San Mateo County Community Colleges Foundation (SMCCCF), a 501(c)(3) non-profit organization, accepts gifts and grants on behalf of College of San Mateo and its sister colleges. It provides a fiduciary banker function by receiving donations and processing gifts, managing funds and endowments, allocating unrestricted funds, disbursing funding, and providing documentation to donors of the tax-exempt status of their gifts. In addition, the foundation works with the college president to identify two or three priority college projects yearly for which it solicits funds. It also disburses

donations, solicits major and planned gifts, and develops selected donor programs, e.g. Chancellor's Circle. The foundation does not develop grant proposals. The majority of its endowments are dedicated to providing for student scholarships (Ref. 9).

The Institutional Advancement Office is a college-based function which has engaged in many activities related to institutional advancement, including the identification of grant opportunities among foundations and public agencies; grant proposal development, writing, and project design; cultivation of innovative projects among faculty and staff; project development and a wide range of related research; marketing and publicity as related to externally-funded initiatives; selected stewardship of individual donors and businesses; and implementation oversight of selected externally-funded projects. Some grant funded initiatives are developed and managed independently of the Institutional Advancement Office.

During the last several years, the Institutional Advancement Office has developed grant proposals to support learning communities, high school partnerships, nursing program expansion, service learning, professional development for astronomy faculty and Project Star Gaze for elementary school students, and biology curriculum enhancement (funded by the National Science Foundation), among others. Planning for grant proposal development is done with the college president who generally sets a semester agenda reflecting college priorities and accommodating emerging funding opportunities. As new grant opportunities emerge, the feasibility of both developing grant proposals and implementing the proposed project is assessed by the president and, when appropriate, the pertinent vice president, deans, and faculty. In some, but not all, cases San Mateo County Community Colleges Foundation's role is solely as the fiduciary agent for a project-based grant, and most grant proposals are developed by CSM and submitted independently of the foundation.

Reach for the Stars, a capital campaign to raise funds for the new planetarium's star projector and other technologies, is the first of its kind in the district—the first college-based capital campaign conducted in the district. Over the last two years, close to \$100,000 has been raised from nearly 400 donors, most of whom are new donors to the college. They include district employees, students, alumni, neighbors of the college, a variety of business and industry partners, professional organizations, and private and corporate foundations. The foundation has been the fiduciary agent for Reach for the Stars, and it has provided some assistance with donor cultivation.

Assessment

College of San Mateo meets this standard. Institutional planning reflects realistic assessment of financial resources availability as well as expenditure requirements. Each year since the last accreditation team visit, the college has ended the fiscal year with a substantial ending balance with which to begin the subsequent year.

The District Committee on Budget and Finance, with staff assistance, carefully assesses the availability of financial resources each year. The committee gives careful consideration to the governor's budget request. Revenue components of the budget are assessed including property taxes, student fees, and proposed state allocations. The

committee considers other available information on negotiated salary increases, increases in benefits, utilities, projected enrollments, and other items such as insurance (Ref. 8). During this process, information from the committee is forwarded to College of San Mateo's Budget Subcommittee for use in its deliberations on the college budget.

Institutional planning reflects development of financial resources. As the state education code determines what fees may be charged by the college, as the state legislature determines what the district appropriation will be, and as the budget is determined in large part by the number of full-time equivalent students, the best approach to developing resources is to increase enrollment. College of San Mateo has both an enrollment management plan (Ref. 4) and a growth plan (Ref. 5) to address this part of the budget.

The San Mateo County Community College Foundation and the Office of Institutional Advancement develop additional resources. The foundation is a 501(c)(3) corporation that operates independently of the college. The primary purpose of the foundation is to raise money for the college. Funds, primarily for scholarships, are raised as a part of the foundation's general campaign; in 2006-2007 the foundation awarded nearly \$200,000 in scholarships to assist 168 students at the College of San Mateo. Between 2003 and 2006, the financial benefit to CSM from the foundation totaled over \$1.8 million. In addition, the foundation works with College of San Mateo on special projects such as raising funds to help offset the cost of the new star projector in the planetarium. The Office of Institutional Advancement is responsible for identifying and making applications for various grants, the funds from which will support and enhance programs at the college. College of San Mateo believes that it is well served by taking advantage of funding opportunities as they become available.

Institutional planning reflects the development of community partnerships in a number of ways. For example, the College of San Mateo Nursing Program works in partnership with local hospitals to assist in meeting the need for local nurses. The hospitals provide funding so that the number of students in the program can be increased (Ref. 11); in 2006-2007 the college received nearly \$350,000 for this purpose. College of San Mateo works with the South Bay Regional Consortium to operate the police academy program on campus, resulting in an additional 149 FTES for the college in 2006-2007 (Ref. 12).

Plan for improvement

None needed at this time.

III.D.1.c

When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

Descriptive Summary

College of San Mateo clearly identifies and plans for the payment of liabilities and future obligations. All financial obligations are included in the audited annual financial report (Ref. 13). Significant reserves are maintained by the college district in order to meet

long-term obligations as well as budget emergencies. Reserves are currently maintained in excess of four percent of the district operating budget.

The institution makes short-range financial plans considering long-range financial stability. The district negotiates all labor contracts. The Board of Trustees approves contracts after carefully considering the impact of the contracts on the district budget. Labor contracts are posted on the district website (Ref. 25).

College of San Mateo has completed revisions of the Facilities Master Plan (Ref. 6). Many components of the previous plan have been accomplished as the result of the passage of a \$207,000,000 bond issue in 2001 and the issuance of \$30,885,000 in certificates of participation to be repaid from redevelopment funds, College Vista rents (faculty/staff housing project), and bookstore revenues. The district made the decision to retire the \$30,885,000 certificates of participation debt and the College Vista debt by using resources from the passage of a second bond issue in 2005. Revenue streams from these sources will now be available for other uses. Using the resources listed above, state capital outlay funds, and other sources of funds, the college has completed in excess of \$100 million in capital improvements over the last three years. Voters approved the 2005 bond issue in the amount of \$468,000,000, and as a result, the Facilities Master Plan has been updated to reflect changes in educational program and campus needs. Currently, it is estimated that at least \$205,000,000 will be spent at College of San Mateo.

Assessment

College of San Mateo partially meets this standard. Overall, College of San Mateo in conjunction with the district office does a good job of identifying and planning for payment of liabilities and future obligations. Financial obligations are included in the audited annual financial statement (Ref. 13), and funds are reserved for meeting those needs. Reserves are maintained in excess of four percent of the district operating budget for meeting emergency needs (Ref. 1); however, the Board of Trustees is giving consideration to increasing this percentage.

Generally when making short-range financial plans, the institution considers its long-range financial priorities. For example, the district prepares projections of future revenues when negotiating future salary contracts. The college has developed and is currently reviewing its own future financial projections to use when considering its future financial plans. At the district level, the most recent (2007) actuarial study was discussed with the District Committee on Budget and Finance in order to update committee members on the status of the district's liability for post-retirement benefits (Ref. 27). The actuarial study was also on the agenda of the Board of Trustees as an information item.

Labor contract agreements impact the college. In 2006-2007, College of San Mateo was in the second year of a three-year salary agreement, in which salaries are set as part of the initial agreement, but other items are open to subsequent negotiations. District staff members project the impact of labor management agreements to ensure that funds are available to meet the requirements of the agreement. When evaluating potential labor

agreements, the district takes into account both the cost of salaries and related benefits in order to ensure that projected financial resources are available to fund the agreements.

As suggested by the 2001 visiting team, the district has addressed long-term post-retirement liabilities by establishing a post-retirement benefits fund to cover the medical insurance costs for retirees. In addition to capping the benefits a number of years ago, the district funds a revocable trust by putting \$1.5 million per year into the post-retirement benefits fund, which now has assets in excess of \$25 million (Ref. 13). Currently, it is estimated that annual funding of ongoing benefits, plus the annual \$1.5 million per year with interest earned, will almost fund the unfunded liability of \$150 million over the next 30 years.

The 2001 visiting team suggested a plan to research other capital facilities funding options. With the passage state-wide of Proposition 39 and subsequent passage locally of two bond issues totaling \$675 million, the college has taken advantage of facilities funding options. Capital improvement bonds approved by the local voters have adequate tax revenues available to pay off the bonds, and revenues are restricted for this purpose. A separate audit is prepared for bond funds (Ref. 14).

The 2001 visiting team report recommended that the college “develop a long range financial plan (two to three years),” reflecting a “realistic estimate of enrollment and estimate of resources.” The report also recommended that financial planning be coordinated with overall college planning. During the last several years, a new district allocation model was developed. For the past year, the dean of administrative services has worked with the chief financial officer of the district to develop a model for the college (Ref. 29) that projects enrollment and financial resources for the general fund for a period of at least two years beyond the current budget year. The district model has been enhanced so that the college can use it to predict financial resources for future years.

For a given upcoming budget year, the college model projects the budget based on estimated financial resources and estimates of growth provided by the vice president of instruction after review and concurrence by President’s Cabinet. The model’s projection of financial resources can then be adjusted by modifying enrollment projections for future years as warranted by changing enrollment trends. This information can then be used to develop a college financial plan as one part of the college’s planning process.

Plan for Improvement

None needed at this time.

III.D.1.d

The institution clearly defines and follows its guideline and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of the institutional plans and budgets.

Descriptive Summary

College of San Mateo's financial planning and budget development is a broad-based process. The process begins with an annual program review. Instruction and student services each have a program review document. A draft document for the administrative departments, presently referred to as a program review for institutional support (Ref. 28), has been developed and will be implemented in the 2007-2008 fiscal year. College needs are identified through program review. Some needs requiring funds can be met through division/department/unit resources. Needs requiring additional financial resources are brought to President's Cabinet for review; the most important items are then presented to the Budget Subcommittee.

Budget Subcommittee is a shared governance committee, currently composed of 15 members representing all major college constituencies, which include the faculty, classified staff, administrators, and students. The committee meets once a month, starting in October of each year. Agendas and notes from the Budget Subcommittee are published electronically through the college's newsletter, CSM Internal (Ref. 15), and the notes are archived on the CSM Internal site. Budget Subcommittee makes recommendations to College Council. College Council members represent all of the major college constituencies: faculty, classified staff, administrators, and students. College Council meets twice a month. College Council notes are also published on CSM Internal (Ref. 15). College Council makes recommendations to the president.

The District Committee on Budget and Finance, a shared governance committee, includes representatives from the three colleges, including faculty, classified staff, administrators, students, and collective bargaining units. It has the responsibility to develop the budget calendar for the district as a whole, to look at parts of the budget that are not under the control of the individual colleges, to review the allocation model as necessary, and to develop a total budget number for the district's tentative budget. The committee meets regularly, at least once a month and twice a month if needed. A website (Ref. 8) is maintained that provides information such as minutes and other reports that are presented to the committee.

Assessment

College of San Mateo meets this standard. Budget processes are clearly defined with one exception relative to program review. Annual program review processes are in place for instruction and for student services but not for the institutional support areas, which include public relations, business services, institutional advancement, and the President's Office. However, a draft program review document has been developed and will be in place by fall 2007. By its very nature, this new annual program review includes many staff and faculty members involved in a number of departments and units, a wide representation of the college constituency.

Budget recommendations move forward as appropriate to President's Cabinet and Budget Subcommittee and then proceed to College Council for review and final recommendation to the president. College Council is also comprised of members that represent all major college constituencies. College of San Mateo is committed to a viable

shared governance budget development process, and this process is in place and appears to be working.

The college and district budget processes work together and coordinate activities. The role of the District Committee on Budget and Finance is to develop the annual assessment of financial resources. Again, at the district level as on the college level, a shared governance process exists. The district committee represents major constituencies of the three colleges and has membership from all colleges, including faculty, staff, and students. Budget priorities and plans are not set by the District Committee on Budget and Finance but by each college. Information from the district committee is communicated to the college subcommittee through reports from the college members on the committee. Issues and concerns from the college subcommittee are communicated to the district committee in the same fashion. A public website for the District Committee on Budget and Finance makes available notes and reports (Ref. 8). This process has been developed over the last three years, and it too appears to be working.

Despite the existence of this shared governance process at both the district and college level, however, opinions on budget decisions based on input from constituents are mixed. Of those faculty and administrators responding to the 2005 accreditation survey, 45 percent agree or strongly agree that college budget decisions are based upon input from all college constituencies; 36 percent disagree or strongly disagree; and 19 percent don't know (Ref. 30, question 12). Comparable percentages from the 2005 accreditation survey of classified staff are 36 percent, 20 percent, and 44 percent (Ref. 31, question 12). Considerably more faculty and administrators than classified staff seem to know about the process.

The 2001 visiting team report suggested the creation of a centralized document available to anyone interested in financial planning. The district has created a Sharepoint site for budgeting that encompasses all of the budgeting materials, including the budget development calendar, agendas, and minutes of the District Committee on Budget and Finance, tutorial and reference materials on community college finance and budgeting, the district's tentative and annual budgets, the district's external audits, and extensive training materials (Ref. 1).

The 2001 visiting team report also suggested a plan for improving in-house communication of budget information through the shared governance process and institutional reports. In-house communication has been improved by holding regular meetings of the Budget Subcommittee (Ref. 7) and transmitting agendas and notes to the college community via CSM Internal, the electronic newsletter (Ref. 15). Budget Subcommittee and College Council are shared governance bodies representing all major constituencies.

The district has developed and improved mid-year and year-end reports on the budget, and these reports are available online to all. Improvements in the Banner system have resulted in the capability to run real-time budget reports and, for the most part, have eliminated the need to maintain or prepare separate reports on Excel spreadsheets. Budget information is readily available to the college and departments.

Of those faculty and administrators responding to the 2005 accreditation survey, 42 percent agree or strongly agree that appropriate and timely financial information is provided regularly throughout CSM; however, 41 percent disagree or strongly disagree; and 18 percent don't know (Reference 30, question 13). Comparable percentages from the 2005 accreditation survey of classified staff are 43 percent, 34 percent, and 23 percent (Ref. 31, question 13). An email distribution list for classified staff has been developed, and this vehicle should improve communication among staff.

Plan for Improvement

None needed at this time.

III.D.2

To assure the financial integrity of the institution and responsible use of its resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound decision-making.

Descriptive Summary

College of San Mateo uses the Banner financial accounting system to record financial transactions. The system updates transactions every evening and thus provides accurate up-to-date accounting information. This system handles journal entries, accounts payable, accounts receivable, revenues, payroll, student administration, and purchase requisitions as well as budget information. Various reports and queries can be run on the system. The Banner system has appropriate internal control mechanisms such as passwords and control of authorized users.

Recently, the district has added the Brio/Hyperion query system that can retrieve information stored in the data warehouse. All budget managers and end users can query their budgets for current data. This system provides timely data and tools necessary for proper budget management and control.

Assessment

College of San Mateo meets this standard. The financial management system widely disseminates dependable and timely information for sound financial decision making. All budget managers and other appropriate staff—staff in financial aid and business offices, staff assistants, division assistants, and deans—have access to the financial management system. Information is placed into the system and is updated nightly so that financial information is always timely and accurate. The Banner system is periodically upgraded as new versions of the system come online. The Brio report program is available for running reports that are needed but are not part of the Banner reporting system.

To assure financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms in place such as limiting the data only to particular users who have access. Users are limited in their access in several ways. Initially, users must get permission from their supervisor. Appropriate forms are completed requesting authorization to use the system within areas

appropriate for that position. After approval by the supervisor, the district finance office reviews and approves the request. Some users may be limited to inquiry only, meaning that they can look at the data but are unable to change the data. In addition, users have IDs and passwords that allow them access to the system at the appropriate security level. The college business office must approve all journal entries. The district finance office must approve all transfers between funds. For additional assurance, an external auditor annually audits internal controls for the financial management system.

Plan for Improvement

None needed at this time.

III.D.2.a

Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Descriptive Summary

College of San Mateo's budget reflects appropriate allocation of financial resources to support student learning programs and services. As the data from the Final Budget Report indicate, 80 percent of the unrestricted budget directly supports student learning through instructional cost. Student services costs make up 12 percent of the budget. The remaining 8 percent of the budget provides direct and indirect support of student learning programs and services via business services, public relations, institutional advancement, and the President's Office (Ref. 1).

As required by the California education code, an independent CPA firm performs an annual audit on all financial records of the district, including all district funds, student financial aid, bookstore, associated students trust funds, and reports required by the state. Audit findings are supported by recommendations from the external auditors and require a response by the affected department in the form of an action plan. The independent auditor presents the annual audit report to the Board of Trustees. The audited financial reports on the district website are available to all (Ref. 13).

Assessment

College of San Mateo meets this standard. Together, instructional and student services costs constitute 92 percent of the budget, which appears to be a sufficient allocation of financial resources to support student learning programs and services.

Over the years, audit findings have been relatively minor and have been appropriately addressed. Each year's audit report lists audit findings. Each audit report also identifies the corrections made by the district and college in the previous year (Ref.13). The district has obtained an unqualified opinion for many years.

Plan for Improvement

None needed at his time.

III.D.2.b

Appropriate financial information is provided throughout the institution.

Descriptive Summary

College of San Mateo uses the Banner financial system to record and review online financial transactions and budget information. This system is comprehensive and includes all financial transactions and budget information on an up-to-date basis. These data are available to administrators and staff and provide the information needed to plan for operations and expenditures during the year.

In addition, information on the overall budget is prepared and distributed annually by the district budget office via the mid-year and final budget reports (Ref. 1). Information on financial planning is provided to the college through the notes and agendas of the Budget Subcommittee, College Council, and District Committee on Budget and Finance.

Information on the annual audit is available online and may be accessed by anyone through the internet (Ref. 13).

Assessment

College of San Mateo meets this standard. The contribution of the Banner financial management system has been discussed at length previously in this standard. It provides robust timely information on the current budget as well as prior year budgets that may be used to support institutional and financial planning and financial management. Information is available for all college accounts. The query reporting program in Banner and the Brio/Hyperion query program have the capability of providing almost any report necessary for proper planning and management.

Information on budget, changing fiscal conditions, and financial planning is provided through the notes and agendas of the Budget Subcommittee and College Council as these are published in CSM Internal, the college's electronic newsletter, and are archived on the CSM internal site. The District Committee on Budget and Finance also makes notes and other materials available to the college on a district website. Available information relates to budget, fiscal conditions, and financial planning as well as the mid-year and final budget reports. The mid-year and final budget reports provide a wealth of information about fiscal conditions, budget, and financial planning. For example, detailed information on the district-wide resource allocation model can be found in these budget reports.

The district posts audit reports on the website. The audit report includes the auditor's opinion on the financial statements, any findings, and management's response to those findings. A great deal can be learned about fiscal conditions within the district by reading management's discussion and analysis, which is a part of the audit (Ref. 13).

Plan for improvement

None needed at this time.

III.D.2.c

The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.

Descriptive Summary

As appropriate relative to timing, the district prepares and presents to the Board of Trustees a cash flow statement prior to assessing the need for issuing tax revenue anticipation notes. Each year, the district issues tax revenue anticipation notes to provide the necessary cash flow to fund district operations prior to the receipt of property tax and state apportionment revenues.

The district monitors its risks strategies regularly in order to assure that the district has appropriate coverage. For example, the district recently reviewed the insurance needs of the district and assessed the costs and services of the current carriers for workers' compensation and general liability insurance. After extensive review and an actuarial study of the district's workers' compensation cost, the district has chosen to self-insure for workers' compensation and general liability and increase the self-insured retention for property insurance.

As required by the State Chancellor's office, the district's budget provides for a reserve of at least four percent to address financial emergencies. Reserves can be viewed two ways. An identified reserve is set aside as part of the budgeting process. However, a true total reserve is the non-obligated fund balance available at the end of each year. This non-obligated fund balance is the result of the accumulation of unspent funds at the end of each budget year.

Assessment

College of San Mateo meets this standard. Cash flows are updated monthly to ensure that cash is available to cover current needs. To date, cash reserves have been adequately managed, and no problems exist with cash flow, such as not having enough cash on hand to meet current obligations. A separate cash flow is developed for capital project expenditures prior to the issuance of any bonds.

The district maintains various types of insurance appropriate for managing risk such as employee, property, casualty, and liability insurance in accordance with its responsibility to protect college assets from losses that would place the college in economic jeopardy. Currently, there are various levels of self-insured retention, primary, and re-insured coverage based upon regularly conducted actuarial studies. The district has property and liability coverage up to \$15 million. This program incorporates a self-insurance component of \$150,000, primary insured coverage up to \$5 million, and re-insurance in excess of \$5 million to \$15 million. In addition, the district has a state approved self-insured workers' compensation program that is re-insured beyond actuarial defined annual limits.

As noted previously, the district has a very large construction program underway. The risk exposure associated with this program is covered through insured limits provided by

the contractors as well as through coverage provided in many instances by the Owner Controlled Insured Program.

While the district policy is to maintain budgeted reserves of at least four percent of the unrestricted budget, actual reserves have been higher according to the financial information posted on the state chancellor's website (Ref. 32).

Plan for Improvement

None needed at this time.

III.D.2.d

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.

Descriptive Summary

In order to ensure oversight of finances, including financial aid, grants, externally funded programs, and auxiliary organizations, the San Mateo County Community College District retains an independent auditor that annually audits all funds under the control of the college. As required by state law, an independent auditor separately audits Proposition 39 bond funds and investments annually. Investments are made in the County of San Mateo investment pool, which is audited annually by the investment pool's independent auditor. The San Mateo County Community College Foundation is a separate 501(c)(3) organization and as such has its own audit each year by an independent auditor.

The district's annual audit is prepared in accordance with generally accepted auditing standards, which are comprehensive and thorough. The annual audit includes all funds, including grants, contracts, and auxiliaries. Auxiliaries, except Associated Students of College of San Mateo, are managed by the district, and they operate under the same financial requirements, procedures, and policies that apply to College of San Mateo. Associated Students of College of San Mateo is the responsibility of the college. All externally funded programs, grants, and financial aid require year-end financial and program reports that are submitted to the State Chancellor's Office after final review by the district. All grant and externally funded program journal entries, new hires, and purchase requisitions are approved first by the college business office and then reviewed and approved by the district business office prior to any action at the college level.

San Mateo County Community College District invests funds on hand that are not needed to meet current obligations. Funds are invested in the County of San Mateo investment pool in order to earn additional revenue, i.e. interest. Investing is done at the district level, utilizing the San Mateo County investment pool. The San Mateo County Community College Foundation is a separate 501(c)(3) entity and is not a component unit of the district.

Assessment

College of San Mateo meets this standard. The results of the external audits have been satisfactory as the district has obtained unqualified opinions for the last four years. The external auditor presents the audit results to the Board of Trustees each year.

Audits have revealed some findings. In fiscal year 2006, one finding involved student census certification, which is currently being addressed. In fiscal year 2005, three findings dealt with course repetition by students. The auditors' recommendations were addressed, and the auditors accepted the resolutions. No findings involving College of San Mateo existed in fiscal years 2003 or 2004. Copies of the audits and findings are posted on the District Committee on Budget and Finance website (Ref. 8).

Plan for Improvement

None needed at this time.

III.D.2.e

All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.

Descriptive Summary

The Institutional Advancement Office identifies projects and sources of funding that are consistent with the college mission and goals and emerging trends in higher education. Some externally funded projects are developed independently of the Institutional Advancement Office. Either formally or informally, the appropriateness of any grant opportunity is evaluated in relation to the institutional mission and goals along with the financial or staff consequences of the funded project. In some cases, when a project is funded, the Institutional Advancement Office also assists with reporting required by the grantor. All grants are included in the comprehensive financial statements, which are audited each year by an independent auditor.

The college has a form that all prospective grant writers are required to complete prior to submitting a grant request (Ref. 16). This form includes a review of the appropriateness of the grant in light of the college's mission and goals as well as financial and staff commitments to achieve the grant's purpose. All grants are audited as part of the independent audit of the comprehensive financial statements.

Although the district manages the bookstore and food services, the college has direct input in the process through the College Auxiliary Services Advisory Committee (CASAC) and the District Auxiliary Services Advisory Committee (DASAC). The dean of administrative services chairs CASAC, which is a shared governance body made up of representatives from the bookstore, faculty, classified bargaining groups, and associated students as well as the coordinator of student activities. Members of CASAC are also members of DASAC along with the district's chief financial officer and auxiliary manager.

The college auxiliaries include the following entities: bookstore, food service, vending, and Associated Students of College of San Mateo (ASCSM). The bookstore is managed

and operated through the district office; food service and vending is contracted out by the district office; and ASCSM reports directly through the college to the district. The College Auxiliary Services Advisory Committee meets two to three times a year or more, if needed (Ref. 17). Both CASAC and DASAC make recommendations to District Shared Governance Council and provide input into the auxiliary operations to assist in assuring that the college's mission and goals are met. The bookstore works closely with the college to make sure student concerns are addressed; for example, the bookstore handles the EOPS grants, as well as other grants, and interfaces with the student financial aid system.

The San Mateo County Community College Foundation works with the college president in an effort to seek funding that will support the mission and goals of the college. The foundation seeks funding for scholarships and for enhancing resources available to College of San Mateo. It operates as a separate and independent entity and is responsible for its own annual independent audit (Ref. 18).

Other financial resources available include funds from two bond issues, approved by voters in 2001 and 2005 for capital improvements. As of June 2006, expenditures of bond funds and other capital outlay funds district-wide totaled approximately \$185,000,000. The bond measures mandate a citizens' advisory committee, which is responsible for the oversight of all bond expenditures. This 11-member committee meets quarterly and is responsible for reviewing the annual independent audit of bond expenditures, and has purview over all bond-financed projects in the district (Ref. 19).

A facilities management company has been hired by the district to assist in managing facilities projects. Projects are designed and implemented with input from various ad hoc committees comprised of college faculty and staff. President's Cabinet and College Council provide input and oversight to assure the college's mission and objectives are met.

Assessment

College of San Mateo meets this standard. By assuring that grant applications are consistent with the college Mission Statement (Ref. 26) and strategic objectives (Ref. 2), by working with the auxiliaries to ensure that services meet the needs of the students and staff in a cost-effective manner, and by managing bond funds wisely with significant oversight, the college makes sure that financial resources are used with integrity, consistent with achieving its mission and objectives and with ensuring that assets are safeguarded (Ref. 20).

The recent grand jury report and the results of the district audit demonstrate integrity in the institution. The 2004-2005 San Mateo County Civil Grand Jury praised the district's procedures in their report "School Construction Management in San Mateo County," pointing to the college and district's construction management program as a model for other school districts in the county to follow (Ref. 21). The report from the San Mateo County Civil Grand Jury states: "After years of experience, the San Mateo County Community College District has developed proven policies and procedures for construction planning and management. These techniques have been employed

successfully for capital improvement projects on the three San Mateo College Campuses.”

The results of the district annual audit also demonstrate integrity as the district has received an unqualified opinion from the auditors for more than four years. During this period, there have been few audit findings, and they have been quickly resolved to the satisfaction of the auditors (Ref. 13).

Plan for Improvement

None needed at this time.

III.D.2.f

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.

Descriptive Summary

The San Mateo County Community College District Purchasing Department has established purchasing policies and procedures with external parties that are consistent with the mission and goals of the San Mateo County Community College District (Ref. 24). External entities are those that involve external purchasing, service contracts with independent contractors who provide a service, and contracts with companies and individuals who provide a tangible product to the district.

The purchasing guidelines cover the following areas: written quotes; bid requirements; contracts; independent contracts; contract authorizations; purchase orders; confirming purchase orders; requisition descriptions; standing orders; equipment more than \$1,000; fixed assets and inventoried equipment; fixed asset equipment from federal grants; prepayments; lease purchases; dollar limits purchases under \$1,000; purchases over \$5,000; purchases between \$10,000 and \$65,100; purchases over \$65,100, except public construction projects and professional services; written proposals or agreements for certain purchases of any dollar amount; insurance requirements; and board approval requirements.

Examples of some of the purchasing procedures are as follows: purchases exceeding \$1,000 should have three verbal or simple e-mail quotes. Three written quotations should be obtained and compared for competitive pricing on the purchase of any service or equipment in excess of \$5,000. For purchases in excess of \$20,000 but less than the legal bid requirement of \$65,100, a request for quotations must be prepared. Purchases exceeding \$65,100 for materials, supplies, or services sold or leased to the district must be legally advertised, formally bid, and awarded by the Board of Trustees to the lowest responsive bidder with two exceptions to the \$65,100 limit: public contract code work and professional services. Public works projects require the formal bidding procedure if expenditures are greater than \$15,000. Professional services are exempt from bid requirements.

All contractual agreements with external entities are governed by institutional policies set by the Board of Trustees (Ref. 24). Contracts are required for the following: annual services, maintenance agreements, professional services, copyright or licensing agreements, and facilities or vehicle rentals. Service work performed by an independent contractor also requires contracts.

Contracts are forwarded to the executive vice chancellor for review and approval prior to the service being rendered. Contract services in the amount of \$50,000 or more require approval by the Board of Trustees. For public contract code agreements, the Board of Trustees must approve amounts exceeding \$15,000. The San Mateo County Community College District's purchasing policies and procedures define independent contractors' and service work. Only the chancellor and executive vice chancellor are authorized to sign contracts for the district. A certificate of insurance from a contractor performing services is required if the services are performed at a district site. The required minimum insurance is \$2,000,000 comprehensive general liability.

District or college personnel cannot place orders without the issuance of a purchase order from the Purchasing Department unless a procurement card is used. District and college personnel are encouraged to use district procurement cards for supplies and services under \$1,000. Purchases greater than \$1,000 must be made through the Banner requisition process.

Personnel who are eligible to use a procurement card include those who are required to make purchases on behalf of the district; permanent employees who have completed the probationary process; and employees whose assignments are at least 50 percent of full-time. Depending upon the employee's needs, the district will set expenditure limits and establish cardholder profiles based on the following: profile #1 allows a \$500 transaction limit and a \$2,500 monthly limit; profile #2 allows a \$2,500 transaction limit and a \$5,000 monthly limit; and profile #3 allows a \$5,000 transaction limit and a \$10,000 monthly limit (Ref. 24).

Equipment valued over \$1,000 per item must always be purchased using the requisition/purchase order process. Equipment or furniture with a unit price of \$5,000 or more including sales tax, delivery, and installation is assigned an inventory tag, which is to be affixed upon receipt. The corresponding asset addition form is to be returned to the Purchasing Department on or before the date payment is approved. The threshold for tracking and depreciating equipment is \$5,000. Equipment purchased with federal funds, i.e. using funds from a federal grant, is specially tagged and tracked according to federal regulations. All lease-purchases require board approval (Ref. 24).

Assessment

College of San Mateo meets this standard. The Purchasing Department has established policies and procedures in compliance with the education code, public contracts code, and civil code (Ref. 22). In following the mission of the college (Ref. 26) in the area of diversity and open access, for example, policies and procedures require that purchase of service or equipment must be legally advertised and undirected by open bidding. The policies and procedures state that three written quotations should be obtained, and

purchases exceeding \$1,000 should have three verbal or simple email quotes; however, three quotes are sometimes unobtainable in emergencies.

Institutional policies set by the Board of Trustees govern all contractual agreements with external entities (Ref. 22).

The above-mentioned established policies and procedures are designed for maintaining effective internal controls. No matters involving the internal control over financial reporting and its operations and compliance with federal programs were considered materially weak in the district annual audited financial statements (Ref. 13).

Financial integrity and responsible monitoring are also inherent within the policies and procedures such as use of the Banner requisition process, procurement cards for purchases, and signatures required by the chancellor or vice chancellor on all contracts with the district. There have been no reported problems with the use of procurement cards at CSM.

Plan for Improvement

None needed at this time.

III.D.2.g

The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

Descriptive Summary

The District Committee on Budget and Finance reviews the budgeting process and financial information at the district and college level. At meetings, the committee discusses changes in policies and management procedures and problems. The information flows to the college's Budget Subcommittee for discussion, input, and recommendations at the college level. A committee, the Business and Finance Officers Group, comprised of business officers from the three colleges and staff from the district business office, including the chief financial officer, district budget officer, chief accountant, director of purchasing, and others from the district and colleges, meets monthly to discuss, evaluate, and make recommendations on financial processes. This committee also addresses recommendations resulting from audits.

Banner financial reports are available online for all divisions and units to review and track all expenditures. Divisions and units can also request financial reports from the business services department. Divisions and units can also request in-person meetings with the business services finance department employees for more in-depth knowledge or guidance about financial analysis of their divisions' budgets or completion of any required year-end reports.

Assessment

College of San Mateo meets this standard. Financial management processes are regularly evaluated, and the results are used to improve the financial management system. The Business and Finance Officers Group meets and makes recommendations to improve

financial management systems. Some recent changes that have resulted from these meetings include implementing a bad debt collection procedure, recording allowance for bad debts in the college financials, expanding efforts to collect mandated costs, increasing charges for bad checks, developing an in-house payroll system, and working to make improvements in the Banner system as it is periodically upgraded (Ref. 23).

Plan for Improvement

None needed at this time.

III.D.3

The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.

Descriptive Summary

Instruction and student services at College of San Mateo perform program reviews annually. Each department or unit assesses the previous year’s accomplishments and develops a plan for improvement, which includes the need, if any, for additional resources. Program reviews are one of the components used as a guide in preparing action steps in each year’s college strategic plan (Ref. 2). Currently, College of San Mateo is developing student learning outcomes. As the college develops student learning outcomes, they are incorporated into the annual program reviews and into the strategic plan process and thus become a part of the annual evaluation process.

Assessment

College of San Mateo partially meets this standard. In the past, institutional support services, which include business services, the President’s Office, institutional advancement, security, and public information, have not conducted annual program reviews. A proposed annual program review document for these areas has been developed and is now under review; implementation is planned for 2007-2008. Once these areas have developed and implemented program reviews, which will include assessment of the effective use of financial resources, the college will be in a position to assess the effectiveness of financial resources in supporting the academic programs and student services of the college and, thus, to use the results as the basis for improvement.

Plan for Improvement

- Develop and implement annual program reviews for the areas comprising institutional support services.

Evidence – Standard III.D

Ref. #	Title of Document	Source
1	2006-07 Final Budget Report	< http://www.smccd.edu/portal/dcbf/Documents/2006-07 Final Budget Report.pdf >
2	College of San Mateo Strategic Plan, 2006-2008	< http://www.smccd.net/accounts/csmaccredit/resources/CSMStrategicPlan2006.pdf >
3	CSM Technology Plan	< http://www.smccd.net/portal/csmtac/CSM >

	2006/2007	Technology Plan 20022005/Forms/AllItems.aspx >
4	CSM Enrollment Management Plan, 2005	< http://collegeofsanmateo.edu/csminternal/images/Enroll Management 04-05 plan.pdf >
5	CSM FTES Growth Plan 2005/07	< http://www.smccd.net/accounts/csmaccredit/resources/csmreports/CSM FTES Growth Plan 05 07.pdf >
6	2006 Facilities Master Plan	< http://www.smccd.edu/accounts/facilities/planconstruct/MasterPlan_final_report_081406.pdf >
7	CSM Budget Subcommittee Meeting Agendas	< http://collegeofsanmateo.edu/csminternal/committees/committees_file_folder/Budget sub meeting archived notes .pdf >
8	District Committee on Budget and Finance	< http://www.smccd.edu/portal/dcbf/default.aspx >
9	San Mateo County Community College Foundation	< www.smccd.net/foundation/projects.html >
11	Letter of Agreement for funding assistance from local hospitals for the nursing program	Hard copy available in standard box
12	Contract with the South Bay Consortium	Hard copy available in standard box
13	SMCCCD Annual Financial Report June 30, 2006	< http://www.smccd.edu/portal/dcbf/Documents/Audited Financial Reports/05-06 SMCCCD Audit.pdf >
14	District Annual audited financial statement for bond funds	< http://www.smccd.edu/accounts/smccd/committees/bondoversight/reports.shtml > (Click on Bond Fund Financial Audit 06-06)
15	CSM Internal	< http://www.collegeofsanmateo.edu/csminternal/?url=committees/currentedition.html >
16	College procedure for proposed grant projects	Hard copy available in standard box
17	District Auxiliary Services Advisory Committee Agendas, minutes, notes 2005-06	< http://www.smccd.edu/portal/dasac/DASAC meeting announcements agendas minutes 200506/Forms/Agendas Minutes Notes 200506.aspx >
18	San Mateo County Community College Foundation	< http://www.smccd.edu/accounts/foundation/ >
19	San Mateo County Community College District, Bond Oversight Committee	< http://www.smccd.edu/accounts/smccd/committees/bondoversight/default.shtml >
20	Bond expenditure information website	< http://www.smccd.edu/accounts/smccd/committees/bondoversight/reports.shtml >
21	School Construction	< http://www.sanmateocourt.org/grandjury/2004/re >

	Management in San Mateo County	ports/School%20Construction%20vers.%203.0_final.pdf >
22	District Rules and Regulations	http://www.smccd.net/portal/DistrictInformation/Forms/AllItems.aspx > (Click on Rules and Regulations)
23	Minutes from BAFOG meetings	< http://www.smccd.net/portal/DistrictInformation/Forms/AllItems.aspx > (Click on BAFOG, then on Meeting Notes)
24	Purchasing Procedures and Contract Requirements	< http://www.smccd.edu/accounts/smccd/departments/generalservices/guidelines.shtml \>
25	Employee Labor Contracts: AFT Contract 06-09; CSEA Contract 2004-2007-Updated 2006; AFSCME Contract 04-07	< http://www.smccd.edu/portal/DistrictInformation/Forms/AllItems.aspx?R > (Click on Labor Documents)
26	College of San Mateo Mission Statement	< http://www.smccd.net/accounts/csmaccredit/resources/mission.html >
27	District Committee on Budget and Finance, Agenda, March 20, 2007	< http://www.smccd.edu/portal/dcbf/Agendas/Agenda%20-%20Mar%20%20%20%202007.doc >
28	Program review for Institutional Support	Hard copy available in standard box
29	CSM Tentative Budget Model, 2007-2009	Hard copy available in standard box
30	CSM Accreditation Survey [Standard III] – Faculty and Administrators, Fall 2005	< http://www.smccd.net/accounts/csmresearch/AccreditationRelatedSurveys/Faculty/FacultyStd_3.pdf >
31	CSM Accreditation Survey [Standard III] - Classified Staff, Fall 2005	< http://www.smccd.net/accounts/csmresearch/AccreditationRelatedSurveys/Staff/Staff_Std_3.pdf >
32	Fiscal Trend Analysis of Unrestricted General Fund and other Fiscal Data	< http://www.cccco.edu/divisions/cffp/fiscal/accountability2.htm >

