

SPECIAL VISIT REPORT

PERALTA COMMUNITY COLLEGE DISTRICT

**333 E. Eighth Street
Oakland, CA 94606**

**A Confidential Report Prepared for
The Accrediting Commission for Community and Junior Colleges
Western Association of Schools and Colleges**

This report represents the findings of the evaluation team that visited
Peralta Community College District on April 19, 2010

Frank Gornick, Team Chair
Chris Bonvenuto, Team Member
Susan Carleo, Team Member
Robert Isomoto, Team Member
James Williams, Team Member

Special Visit Team Report

INTRODUCTION

A special visit was conducted at the Peralta Community College District (CCD) on April 19, 2010, following a Commission letter sent to the Peralta District about significant negative audit findings in the 2006-7 and 2007-8 external audit reports. The Commission had asked that Peralta CCD submit a Special Report by March 15, 2010 on its response to the negative audit findings and issues found in the external audit issued by Vavrinek, Trine, Day & Co., LLP for the Peralta CCD dated February 27, 2009. The report was to be followed by a visit from Commission representatives. The purpose of the team visit was to verify that the Special Report prepared by the District was accurate through examination of evidence to determine if sustained, continuous, and positive improvements had been made to assure that the colleges within the District meet the Eligibility Requirements, Accreditation Standards, and Commission policies.

Each of the four colleges in the Peralta CCD (College of Alameda, Berkeley City College, Laney College, and Merritt College) completed comprehensive self study reports which were submitted to the Accrediting Commission for Community and Junior Colleges in early 2009. Accreditation site teams visited the four colleges March 9-12, 2009 for the purpose of evaluating the colleges' request for reaffirmation of accreditation.

At its June 2009 meeting, the Commission reaffirmed accreditation at Berkeley City College and Laney College and placed College of Alameda and Merritt College on Warning with the requirement that the colleges complete two Follow-Up Reports. The first report was due March 15, 2010 and was to be followed by a site visit conducted by Commission representatives. The second report is due by March 15, 2011 and will also be followed by a site visit conducted by Commission representatives. Since the June 2009 Commission meeting, separate site visits to Berkeley City College and Laney College were cancelled because the recommendations to be addressed by these colleges dealt exclusively with District issues. The scheduled visits to College of Alameda and Merritt College, which were placed on warning, were conducted prior to the Special Team visit to the District.

In general, the team found that the District had prepared well for the visit by arranging for meetings with the individuals and groups agreed upon earlier with the team chair and by assembling appropriate documents in the meeting room used by the team. Over the course of the day, the team met with the current Chancellor, incoming Interim Chancellor of the District, President of the Board of Trustees, all College Presidents, District Accreditation Liaison Officer, the District Academic Senate Past President, members of the EdMAC Recovery team and District staff.

The purpose of the Special Report and visit was to determine whether the District has resolved the deficiencies associated with the 2009 comprehensive evaluation team recommendations and to examine the District's response to the November 2009 Commission

letter regarding negative audit findings to determine whether the District and the colleges comply with ACCJC Standards of Accreditation and Eligibility Requirements.

COLLEGE/DISTRICT RESPONSES TO 2009 COMPREHENSIVE EVALUATION TEAM RECOMMENDATIONS

In spring 2009, comprehensive evaluation teams visited Berkeley City College, College of Alameda, Laney College and Merritt College. In addition to making recommendations for improvement for their respective college, each team also made findings that the Peralta CCD was out of compliance with some standards, and made recommendations for improvement in District operations and procedures. The three recommendations provided to the District were:

1. *Board and District Administration:* The team recommends that the district assess the overall effectiveness of its service to the college and provide clear delineation of functional responsibilities and develop clear processes for decision making. (Standard IV.B.1, IV.B.3.a, b, c, f, and g.)

2. *Management Systems:* The team recommends that the district immediately resolve the functional issues associated with the implementation of the district-wide adopted software management systems for student, human resources, and financial aid administration. (Standards III.C.1.a, III.C.1.c, III.C.1.d and IV.B.3.b.)

3. *Financial Resources and Technology:* The team recommends that the district take immediate corrective action to implement all appropriate controls and necessary MIS system modifications to achieve access to a fully integrated computer information management system, including modules for student, financial aid, human resources and finance data, in order to assure financial integrity and accountability. All corrective action and system testing should be completed within two years and the governing board should receive regular implementation progress reports until project completion. (Standards III.D.1.a, III.D.1.b, and III.D.2.a.)

Responses to these three recommendations were included in the college reports submitted by all four Peralta Colleges in March, 2010. The Merritt College Follow-Up Report, which is being used to exemplify the District's response, states (beginning page 73) the following:

Recommendation 1: *Board and District Administration.* After reading the four college reports from 2009, the District decided to look at more widely disseminating maps and functional maps to increase communication, addressing the awareness vacuum by continuing to improve communication, disseminating board policies 2.05 and 2.10 delineating the roles and responsibilities of the Chancellor and college presidents, and re-circulating information on the role, function, and purpose of the Strategic Management Team. The Chancellor established a chancellor's working group, held college and district meetings, and came to some agreements about how district wide committees should better support colleges and their data-driven planning activities (page 76). They held a summit and developed a planning and

budget integration model committee to better integrate college and District planning. At the time of the spring 2010 visit, there was no clarity on whether this recommendation had been fully addressed.

Recommendation 2: *Management Systems*. The District's examination of its software management system for its student, human resources, and financial aid administration continued during 2008-09. With the District's contracting with EdMAC, the functionality of the system is still being investigated and improved. This recommendation is still being addressed. Indeed, significant deficiencies are in the process of being carefully corrected one by one.

Recommendation 3: *Financial Resources and Technology*. Work done by the consultants provided by EdMAC team and district staff have found significant financial deficits that were buried in the deficient financial reporting systems. The District has identified a deficit of \$7,000,000 as of the date of the team visit. Work was still ongoing to identify the ending balance and close the books on 2008-09 so that a budget could be developed for the current (2009-10) fiscal year. The fiscal integrity of the District has been severely compromised by the failure to correctly operate its financial accounting systems, but the actual fiscal state is unknown at this time. This recommendation has not been addressed, and the deficiencies associated with it have not been resolved.

The 2010 Special Visit team concludes that the Peralta District and the Colleges have not adequately addressed the recommendations provided by the 2009 comprehensive teams, and that the District's efforts to respond to audit reports have uncovered significant problematic issues with the District's management, information systems, financial management and fiscal stability that pose serious threats to the viability of the district and its colleges.

**RESPONSES TO REPORTING REQUIREMENTS
OUTLINED IN NOVEMBER 18, 2009
LETTER TO CHANCELLOR ELIHU HARRIS**

2009 Report Requirement 1: Other Post Employment Benefits (OPEB) Liabilities

The Commission asks the District provide an update on the value of the Deferred Compensation Trust Fund and that the District describe its plans to pay for the growing long-term debt. The District should specifically address whether the reported unrealized losses have been reduced as a result of market improvements since December 31, 2008, or if losses on investments continue to occur and if so, how will the losses impact the long-term debt of the District. (Standard III.D.2.d; Standard IV.B.3.d)

2009 Report Requirement 2: The District's Internal Control Structure

The Commission asks the District to provide an update on its actions taken to address the following findings reported in the audit report. (Standard III.D.2; Standard III.D.2.d)

- 2.a 2008-1 Oversight and Monitoring. The District is to provide the Commission with additional information about actions taken to implement the audit recommendations reported in 2007 that remained in 2008. (Standard III.D.2; Standard III.D.2.d)
- 2.b 2008-2 Financial Accounting System Procedures. The Commission asks the District and each College to provide information about the actions taken to ensure all transactions are recorded and what activities are now occurring to ensure all transactions are reported and that the financial statements provided to the Commission are accurate. (Standard III.D.2; Standard III.D.2.d)
- 2.c 2008-3 Information Systems. The Commission asks the District and each College provide a report on action taken to determine that accounting transactions are appropriately recording financial, procurement and payroll transactions. (Standard III.D.2.g)
- 2.d Bursar's Office and Trust Fund Activity Reporting Changes. The Commission requests Laney College provide an update on changes that have occurred to correct internal control weaknesses and action taken to implement appropriate separation of duties, an accounting system that correctly captures revenues and classifies them as such, and action taken to ensure there is adequate oversight of expenditure decisions and transaction processing. (Standard III.D.2.c; Standard III.D.2.d; Standard III.D.2.e)
- 2.e Accounts Payable/Purchasing Functions. The Commission asks that the District describe actions implemented to establish the appropriate separation of duties in the procurement cycle to include the cited weakness in the accounts payable process.

The Commission asks the District to conduct an assessment of the internal control structure for critical non-financial transactions including grade reporting and student record data to determine if additional changes in the internal control structure may be necessary to ensure information regarding student grade reporting and student records are accurate and protected from unauthorized disclosure. (Standard II.B.3.f; Standard III.D.1.b; Standard III.D.2.g; Standard IV.B.3.d; Standard IV.B.1; Standard IV.B.1.b; Standard IV.B.1.c)

- 2.f Using Associated Student Body Fund to Account for General Fund Revenues. The Commission asks that Merritt College provide an update on action taken to strengthen internal controls over cash collections and reporting. Merritt College should specifically ensure all revenues are properly reported and managed in a way that promotes use of college resources in support of its educational programs. (Standard III.D.2.d; Standard IV.B.2.d; Standard IV.B.3.d)

District and College Responses to the Reporting Requirements

Report Requirement 1: Other Post Employment Benefits (OPEB) Liabilities

The Commission asks the District provide an update on the value of the Deferred Compensation Trust Fund and that the District describe its plans to pay for the growing long-term debt. The District should specifically address whether the reported unrealized losses have been reduced as a result of market improvements since December 31, 2008, or if losses on investments continue to occur and if so, how will the losses impact the long-term debt of the District. (Standard III.D.2.d; Standard IV.B.3.d)

Findings and Evidence

The visiting team met with the EdMAC consultant, the Associate Vice Chancellor for Student Services/Admissions & Records, Chancellor, and incoming Interim Chancellor. While the recommendation has been partially implemented, additional professional analysis of future risk of investment losses, future debt payment obligations to the OPEB and payments to the Deferred Compensation Trust Fund and the impact upon the general fund must be examined. The Peralta CCD currently has no management personnel with expertise in OPEB management. According to staff, the Standard and Poors rating agency has lowered the ranking of the OPEB bonds. As currently structured, there are sufficient risks to the long-term viability of the District that are associated with the OPEB bond structure to warrant independent expert analysis.

Conclusion

The District has not adequately resolved this deficiency. At this time, the District cannot demonstrate that it understands the long-term financial implications on the District and college budgets using this method (OPEB) to fund its Deferred Compensation Trust Fund. In addition, and without having a Board approved budget for the current and prior year (2008-2009), there is no evidence to conclude that the District meets the Standards or Eligibility Requirement 18 for purposes of Accreditation.

Report Requirement 2: The District's Internal Control Structure

The Commission asks the District to provide an update on its actions taken to address the following findings reported in the audit report. (Standard III.D.2; Standard III.D.2.d)

- 2.a 2008-1 Oversight and Monitoring. The District is to provide the Commission with additional information about actions taken to implement the audit recommendations reported in 2007 that remained in 2008. (Standard III.D.2; Standard III.D.2.d)

Findings and Evidence

Based on interviews with the EdMAC consultant, college business managers, Interim Assistant Vice Chancellor Finance, Recovery Team Members, and COA Business Manager,

and review of documentation, the visiting team was able to confirm the full implementation of the matrix tracking system for not only prior and current external auditor recommendations, but also the tracking of tasks related to closing the District's books for 2008-2009. (As of this writing the books have not been closed on 08-09).

The tracking system is functioning effectively and is used to provide status reports to the Board of Trustees. During its visit, the team confirmed the annual 311 report for 2008-2009 has not been filed with the State Chancellor's Office. The team also learned that because of the delay in closing the books for 2008-2009, the external audit report for 2008-2009 cannot be performed; however, the Recovery Team is on track to close the books in May 2010 for the 2008-2009 fiscal year. The visiting team was informed that the District can expect additional external auditor recommendations for the 2008-2009 fiscal year. Included in the additional findings and recommendations, the external auditors are aware that for the current year the District is operating using a tentative budget rather than a board approved final budget. The Board of Trustees has not approved the 2009-10 budget.

Conclusion

The process for improvement initiated by the consultant is working well. The employees at the District office, along with the college presidents, support and welcome the assistance provided by the consultant and his team. Documents now exist to describe the processes which are being implemented; however, these changes have not resulted in a 08-09 final budget. Everyone recognizes that this may be a long process. This deficiency has not been fully resolved, and the Standards are not yet met.

- 2.b 2008-2 Financial Accounting System Procedures. The Commission asks the District and each College to provide information about the actions taken to ensure all transactions are recorded and what activities are now occurring to ensure all transactions are reported and that the financial statements provided to the Commission are accurate. (Standard III.D.2; Standard III.D.2.d)

Findings and Evidence

The District has recognized how its organizational structure and staffing levels at the District level are inadequate and how they have contributed to its inability to properly set up appropriate accounting procedures and systems. To correct these issues, the District has taken action in the last several months that has had a positive effect on both the accounting system and staff morale.

The District's response to the deficiency can only be described as in-process. The visiting team concurs that the District is 60% toward fully resolving all financial accounting system procedural issues. The District conversion from the Legacy System to PeopleSoft failed primarily because of poor planning, not maintaining a dual system on conversion, poor staff training, and the decision to customize many modules of the financial system to match business practices that existed using the Legacy System.

The visiting team observed the great work being done by the Recovery Team, professionals from CIBER, and the Associate Vice Chancellor for Information Systems. The Recovery Team has developed correctional plans and is reviewing all modules for full integration, including the student system, general ledger, accounts payable, purchasing, asset management, and payroll. District accounting staff are inputting corrected data into PeopleSoft that will allow for balance sheet accounts reconciliation and ensure that all transactions that occurred during 2007-2008 are reflected in the audit report.

The action that has had the most impact was retaining an EdMAC consultant to serve as a District financial advisor with the sole purpose of correcting the accounting systems and procedures. At the consultant's request, the District has set up "Functional Teams" consisting of experts from EdMAC staff and key members of the District staff to address the issues of the accounting system one area at a time. These teams have addressed and made significant progress on the issue of having proper accounting procedures related to accounts receivable and are currently working on the coding and testing of over 2,600 line items in the accounting system to ensure proper general ledger accounting going forward. The correction of these procedures has resulted in the District's belief that the closing of the 2008-2009 financials and completion of the District's independent audit can be accomplished in the next several months; both of which are vital for the District to move forward.

Through interviews with staff at both the District and college level, it is apparent that the District is making significant progress on improving communication and cooperation between the administration and financial staff in regard to system and procedural improvements. Staff repeatedly stressed that morale is up and improved communication and cooperation has led to improvements within the accounting systems and related procedures. The District provided the visiting team with draft policies and procedures that are being developed and will be used by all groups within the District to ensure financial transactions are recorded properly. This action marks a significant improvement over previous District policies and procedures which were not standardized and was one of the causes of the breakdown in the financial system and system procedures.

The team met with District staff from the information technology and student services areas to discuss the implementation of the student system and how it interfaces with the financial system. The District implemented the student system after the financial system and has been much more successful in its implementation by addressing issues that were raised during the implementation of the financial system. The District applied better business practices in implementing the student system by initiating training, establishing procedures, and running tests prior to implementation.

Conclusion

The team finds that the District has made recent progress toward correcting the financial accounting procedures and system but still has several major issues that need to be rectified before this deficiency can be resolved and Standards can be met. The District has yet to pass an adopted budget, close the financial records, or complete an independent audit for the

2008-2009 fiscal year. Until the District is able to complete these tasks, it is difficult to measure the progress the District has made in resolving the deficiency.

- 2.c 2008-3 Information Systems. The Commission asks the District and each College provide a report on action taken to determine that accounting transactions are appropriately recording financial, procurement and payroll transactions. (Standard III.D.2.g)

Findings and Evidence

The EdMAC consultant has put together a Recovery Team which is in the process of evaluating and testing controls in the student, human resources, payroll, and finance areas. The Recovery Team includes staff from each college, the District office and software consultants. In addition to the evaluation and testing of controls, the Recovery Team will produce procedure manuals for each division. The visiting team believes the Recovery Team is 60% complete in evaluating and testing of controls; therefore, the deficiency is partially resolved.

The Recovery Team is reviewing payroll access, approval, and correction controls in PeopleSoft. The planning activities of the Recovery Team are designed to ensure that PeopleSoft is fully functioning, providing accurate information, producing variance data, and meeting the needs of end users.

The District has made significant recent progress toward correcting its information systems. The District has addressed the recommendation by implementing a series of controls and improving communication between the District administration and staff. Procedure manuals have been developed to begin documenting how the fiscal operations of the District work under the PeopleSoft system. Access to records and regular updates are now shared with the college personnel.

The District has implemented internal controls that have had a positive effect on the integrity of the financial system. One such control is the implementation of roles within the accounting system where each employee is assigned specific and proper access to the system based on his/her job description and level of responsibility. To gain access, the employee must complete a security form and the employee's manager reviews and approves the form prior to access being granted.

The District has also recently started to implement a procedure for testing the accounting system prior to implementing changes. In cooperation with members of the Recovery Team, District staff are currently preparing to test the addition of 2,600 lines of account codes to ensure that the system is running efficiently and correctly. The implementation of a procedure for testing the system prior to fully implementing changes shows progress in the way the District is addressing the deficiencies in the accounting systems.

Interviews with the college business managers verified the District's assertions that issues with the payroll processing system are being addressed through increased communication

and cooperation between the District level financial departments and the college level financial departments. The college business managers stated that there is much more communication and cooperation and that this is leading to issues being addressed in a much more efficient and positive manner.

Progress in cleaning up the fiscal disconnects under the PeopleSoft system is observable. The draft documents need to become permanent operating procedures and details need to be added to assure that all parties are clear about how to perform the fiscal functions of the District and its colleges.

Conclusion

Although the District has made significant recent progress, the District has yet to complete an independent audit for the 2008-2009 fiscal year. Until the District is able to complete this task, it is difficult to measure the progress the District has made in resolving the deficiency and meeting Standards.

- 2.d Bursar's Office and Trust Fund Activity Reporting Changes. The Commission requests Laney College provide an update on changes that have occurred to correct internal control weaknesses and action taken to implement appropriate separation of duties, an accounting system that correctly captures revenues and classifies them as such, and action taken to ensure there is adequate oversight of expenditure decisions and transaction processing. (Standard III.D.2.c; Standard III.D.2.d; Standard III.D.2.e)

Findings and Evidence

As a result of interviews with the Interim Assistant Vice Chancellor of Business and Finance, college business managers, a Recovery Team member, and a financial aid officer, the visiting team finds that the District has corrected the internal control issue regarding the separation of duties. It has achieved this through the appropriate definition of an employee's profile or role in the PeopleSoft system. Each employee is assigned a profile according to his/her level of responsibility in his/her functional area. Access is granted only after the completion and approval of a security form by their supervisor or area manager. Only then does the Instructional Technology Department process the assignment.

In terms of the accounting system capturing revenue and making the appropriate classification, the District and the Recovery Team has coded over 2,600 items and will be testing the system in the next 30 days in preparation for the closing of the 2008-2009 fiscal year.

The financial aid program at the District has recently been centralized to minimize errors in the processing and reconciliation of financial aid funds. Peralta CCD stated that the data problems with the Regent software system caused such a variety of problems that the District chose to return to its Legacy Safe system. The administration of the District has worked with

the staff of the Safe system in updating the software capabilities specifically for the needs of the District. In addition, the District has completed a draft policy and procedure manual.

The District recently discovered that it is responsible for \$654,522.59 of past financial aid transactions and penalties. Although there was no appeal, the District was allowed to perform a universal audit and lowered the amount to \$275,187.

Issues of controls at Berkeley City College have been a concern. Similarly, financial aid processing has been a concern. The college and the District have corrected the lack of controls and this recommendation is now being addressed. Handbooks and systems have been developed to ensure proper controls. They have centralized the key financial aid functions at the District office.

Conclusion

Although the District has recently made significant progress, the District still needs to adopt a budget for the current year and close the previous year's budget. In addition, the District must be timely with its quarterly reports to the State. The consolidation of financial aid functions at the District office is a positive step in establishing the controls requested by the previous team, but until the previous year's budget is closed, quarterly reports are submitted in a timely fashion, and a current budget is adopted each year, this deficiency is not resolved, and Standards are not met.

2.e Accounts Payable/Purchasing Functions. The Commission asks that the District describe actions implemented to establish the appropriate separation of duties in the procurement cycle to include the cited weakness in the accounts payable process.

The Commission asks the District to conduct an assessment of the internal control structure for critical non-financial transactions including grade reporting and student record data to determine if additional changes in the internal control structure may be necessary to ensure information regarding student grade reporting and student records are accurate and protected from unauthorized disclosure. (Standard II.B.3.f; Standard III.D.1.b; Standard III.D.2.g; Standard IV.B.3.d; Standard IV.B.1; Standard IV.B.1.b; Standard IV.B.1.c)

Findings and Evidence

This deficiency has been partially resolved with the security protocols of the role definitions within the PeopleSoft system which address the separation of duties in the procurement cycle. The District has updated and re-issued Standard Operating Procedure #9: Purchasing Procedures, and Standard Operating Procedure #10: The Routing of "Pay-to" Requisitions and Invoices. In addition, the supervisor for accounts payable and enrollment management annually conducts a workshop at each of the colleges to train staff on these procedures.

Changes in access by role or function have been implemented to assure proper access to records.

The Associate Vice Chancellor of Information Technology has indicated that the organization of his department will include staff members who are deemed specialists in student administration, finance, and human resources. Because of the specific complexities of each module in the PeopleSoft system, these specialists will greatly reduce the time needed to troubleshoot and fix problems that arise in any functional area.

Conclusion

In terms of the student administration system, grade information, and financial aid information, there is a sufficient internal control structure.

The Peralta CCD will not have completely resolved this deficiency and meet associated Standards until the full implementation of the PeopleSoft system has been completed and proved to be accurate.

Student records access by appropriate personnel needs to be addressed with changes in access to the system.

The new practice of student disputes seems effective; however, final approval at the District level seems rather cumbersome.

2.f Using Associated Student Body Fund to Account for General Fund Revenues.

The Commission asks that Merritt College provide an update on action taken to strengthen internal controls over cash collections and reporting. Merritt College should specifically ensure all revenues are properly reported and managed in a way that promotes use of college resources in support of its educational programs. (Standard III.D.2.d; Standard IV.B.2.d; Standard IV.B.3.d)

Findings and Evidence

The team interviewed the Interim Associate Vice Chancellor of Business and Finance and the President of Merritt College. Staff at Merritt College reviewed the guidelines related to the receipt and use of the general fund and all monies collected for events at Merritt College are forwarded to the District on a monthly basis. The Associated Student accounts were fully reconciled and all loans were paid. In addition, Merritt College had produced a Bursar's Office Policies and Procedures Manual which includes a formalized process to prevent a reoccurrence of the issue (Chapter 6, page 51, #18: Remit Monthly District Income Collected).

Conclusion

Merritt College has resolved this deficiency and the Standards are now being met.

ADDITIONAL AREAS OF CONCERN

In the course of its visit to the District office and in discussions with district leadership and EdMAC team members, the evaluation team identified several new concerns with the governance and decision-making processes of the District. Breakdowns in appropriate governance of the district contributed significantly to the fiscal and information system deficiencies identified by the Commission team and external auditors. It is imperative that the district address governance deficiencies and develop policy and procedures that will provide appropriate leadership and oversight by the Governing Board while also appropriately delegating responsibility and authority to the district and college leadership. The confusion over roles and responsibilities must be resolved if the district is going to adequately address the recommendations made below.

Standard III.A.1.a – “Criteria, qualifications, and procedures for selection of personnel are clearly and publically stated. Job descriptions are directly related to institutional mission and goals and accurately reflect position duties, responsibilities, and authority.”

Findings and Evidence

There is a general agreement among District and college officials that positions are developed and recommended according to the adopted District procedure; however, issues have been raised by several parties concerning two topics:

1. The creation of the Inspector General, which reports to the Board of Trustees, and how the position was developed, how the person was selected, how the work is assigned, and who the person reports to has caused concern and confusion.
2. The creation of the Vice Chancellor of Human Resources which will be filled in the future. Confusion about the level of the position and the manner in which input from all constituency groups was received indicate that communication was not transparent. While the concerns have now been addressed, the incident reflects a style of operation that does not promote trust and confidence within the District.

Conclusions

The personnel hiring process appears to have lost its focus and integrity because of the involvement of a few members of the Board of Trustees. The Board of Trustees committee structure contributes to this problem. Direct operational control of the district should be handled by the Chancellor rather than by members of the Board acting individually as though they speak for the entire Board.

(2010) Recommendation 1: In order to meet Standards at all times, all personnel selection actions must adhere to the established policies and procedures. (Standard III.A.1.a)

Standard IV.B.1 – “The institution has a governing board that is responsible for establishing policies to assure the quality, integrity, and effectiveness of the student learning programs and services and the financial stability of the institution. The governing board adheres to a clearly defined policy for selecting and evaluating the chief administrator for the college or the district/system.”

Findings and Evidence

The inspector general position has created confusion and mistrust on the part of many staff members. The fact that the position reports directly to the Board of Trustees does not promote effective leadership or accountability on the part of the Chancellor and his team. Specific examples shared by staff range from the use of the inspector general to carry out personal agendas of one or two board members, to the use of the position to intimidate and impede the work of District administrators. It seems clear that intervention into the daily operation of the District exceeds the level expected by even the most curious board member.

Differences of opinion exist with regard to the extent the board caters to outside influences. Some members of the board believe that this is their role, while others see such behavior as troublesome to the colleges and staff. It was clear from the interviews with various constituent groups and the President of the Board that the board needs to look at the way it is organized and place responsibility for operating the District in the hands of the Chancellor and Presidents.

A code of ethics exists, and the current Board President seems aware of it. However, there is no evidence that the board adheres to Accreditation Standards based upon recent decisions concerning direct reports to the board.

The visiting team was made aware of at least two situations wherein it is believed the Board of Trustees is not in compliance with Standard IV.B.1.j.

Inspector General (.50 FTE) and Director of Internal Audit (.5 FTE) – The job description for the Inspector General requires direct reporting to the Board of Trustees, along with the Chancellor and the General Counsel; however, the Director of Internal Audit reports to the Chancellor and is an advisor to the Board Standing Committee of Budget and Audits. In addition, the job description of the Director of Internal Audit states that the duties of the director shall be those directly related to the supervision and operation of the Internal Audit Department.

The Inspector General position has been filled while the Director of Internal Audit remains vacant. The Board of Trustees directs all internal audit assignments or projects of the Inspector General.

(2010) Recommendation 2: In order to meet the Standards, the team recommends the District evaluate the reporting structure with regard to the inspector general so that the position is properly placed in the hierarchy of the District organization. (Standard IV.B.1.j)

(2010) Recommendation 3: In order to meet the Standards, the team recommends the District clarify the role of the board members with respect to the work of the District managers. This would include a review of reporting structures, methods for board inquiries, distinction between board policy setting and oversight, and management, leadership, and operational responsibilities for the District. (Standards IV.B.1.d, IV.B.1.j)

(2010) Recommendation 4: In order to meet the Standard, the team recommends the District provide ongoing and annual training for board and management on roles and functions as it relates to District policy and operations. (Standard IV.B.1.f)

(2010) Recommendation 5: In order to meet the Standards, the team recommends the District engage in ongoing discussion about the role of the board and how it serves its trustee role for the good of the District. The role of the board should be reviewed regularly with each board member. (Standards IV.B.1, IV.B.1.j)

(2010) Recommendation 6: In order to meet the Standards, the team recommends the board consider regular review of the code of ethics to assure thorough understanding and application of its intent. (Standards IV.B.1,e, IV.B.1.h)

(2010) Recommendation 7: In order to meet the Standard, the visiting team recommends a change in the reporting relation of the Inspector General from the Board of Trustees to the Chancellor. (Standard IV.B.1.j)

Standard IV.B.1.j – “The governing board has the responsibility for selecting and evaluating the District chief administrator. The governing board delegates full responsibility and authority to him/her to implement and administer board policies without board interference and holds him/her accountable for the operation of the District/system or college, respectively.”

Standard IV.B.2 – “The president has primary responsibility for the quality of the institution he/she leads. He/she provides effective leadership in planning, organizing, budgeting, selecting and developing personnel, and assessing institutional effectiveness and decision-making leads to institutional effectiveness.”

Findings and Evidence

Concerns about board members interfering with the leadership of the Chancellor in response to specific board members raise questions about how effectively the District and its colleges can operate.

Board Committees and Campus Listening Visits – The Board of Trustees has five standing committees. Board members selected by the full board serve as chairperson for the standing committees. Campus stakeholders serve as advisors to the standing committees regarding District policy and procedural issues.

Board members also conduct campus listening visits. Campus stakeholders are invited to meet with a board member to provide insight into campus operational practices that may suggest a need to review policy and procedures.

(2010) Recommendation 8: In order to meet the Standard, the team recommends a regular review of board roles to assure that the board is relying on the chancellor to carry out the policy set by the board. (Standard IV.B.1.j)

Standard IV.B.3 – “In multi-college districts or systems, the district/system provides primary leadership in setting and communicating expectations of educational excellence and integrity throughout the district/system and assures support for the effective operation of the colleges. It establishes clearly defined roles of authority and responsibility between the colleges and the district/system and acts as the liaison between the colleges and the governing board.”

Findings and Evidence

The District leadership recognized that it needed help sorting out its fiscal issues. At the same time it did not have the staff or skill level in house to take the lead on this growing task. With the decision to hire the EdMAC consultant, the District made a commitment to clean up the significant fiscal issues. In the meantime, college presidents have been left to manage with temporary budgets and best guess estimates. At this juncture, the resourcefulness of the college staff is keeping the District productive with regard to its primary function. The District’s failure to recognize and take charge of the situation has called into question its ability to adequately support the college presidents as they attempt to run effective colleges.

Conclusion

The Board of Trustees needs to make sure it is not intervening in the operation of the District. The role and function of the Inspector General needs to be evaluated. The Chancellor, along with his senior staff and college presidents, needs to demonstrate leadership by stepping up and meeting the challenge of running the District. While pockets of this leadership exist, there is still not a wide acknowledgement that the District leadership is performing effectively across the board. As new selections occur, this issue should subside.

(2010) Recommendation 9: The team recommends the Board of Trustees and District adhere to their appropriate roles. The District must serve the colleges as liaison between the colleges and the Board of Trustees while assuring that the college presidents can operate their institutions effectively. Meanwhile, the Board must not interfere with the operations of the four colleges of the District and allow the Chancellor to take full responsibility and authority for the areas assigned to District oversight. (Standard IV.B.3.a-g)