

San Jacinto College District
Finance Committee Meeting Minutes
May 22, 2018

Members Present: Marie Flickinger, Keith Sinor, Dr. Ruede Wheeler, and Larry Wilson

Members Absent: None

Other Trustees Present: None

Others Present: Brenda Hellyer, Teri Zamora, Linda Torres, and Lori Barbay

- I. The meeting was called to order at 5:00 p.m. by Ruede Wheeler, Chair, Finance Committee. Roll call of the Committee members was taken:
 - Marie Flickinger, present.
 - Keith Sinor, present.
 - Dr. Ruede Wheeler, present.
 - Larry Wilson, present.

- II. Approval of Minutes from the February 20, 2018, Finance Committee Meeting
 - Dr. Wheeler presented the minutes from the February 20, 2018, Finance Committee Meeting. A motion was made by Mr. Wilson, and seconded by Mr. Sinor to accept the minutes as presented.

- III. Review and Discuss Internal Audit Departmental Audit and Cash Count Observations:
 - Linda Torres, Director of Internal Audit, updated the Committee on an audit report and cash counts.
 - Massage Therapy Departmental Audit – Ms. Torres reviewed the executive summary of the Massage Therapy Departmental audit report, which included a detailed evaluation of the operational efficiency, internal controls, and compliance with internal and external regulations and policies surrounding the Massage Therapy Department between September 1, 2016, and September 30, 2017. The following observations with their Correction Action Plans (CAP) were noted:
 - Written procedures do not contain substantive detail in key areas.
 - CAP – Written procedures will be developed with an estimated completion date of February 2018.
 - The Web-Time Entry Payroll System is not utilized efficiently and effectively.
 - CAP – The department will hold employees accountable for neglecting to properly clock-in and clock-out and will complete manual adjustments within 24 hours after the original missed entry. Estimated completion date is February 2018.
 - Keith Sinor asked if this situation occurs in other areas of the College. Brenda explained that there has been an identified issue and additional reporting procedures were being set in place. Brenda will follow up on status.
 - Lab fees charged to students for supplies are not consistently collected and utilized as required by Sec. 54.501 of the Texas Education Code.
 - CAP - The Massage Therapy program will begin to evaluate lab fees assessed to students and the anticipated cost of supplies to ensure that the funds are spent in accordance with Sec. 54.501 of the Texas Education Code. Estimated completion date is February 2018.
 - Sensitive records, including client medical information, are not properly secured within the department.

- CAP – The Massage Therapy program will follow the recommendation of keeping documents located in a filing cabinet for their expected useful life with limited access to key personnel. Estimated completion date is February 2018.
- Central Campus Café, North Campus Business Office, and South Campus Café Cash Count Observations
 - A cash count observation was performed at the Central Campus Café on March 1, 2018. All petty cash and cash collections were verified and found to be properly secured.
 - A cash count observation was performed at the North Campus Business Office on April 27, 2018. No exceptions were noted.
 - A cash count observation was performed at the South Campus Café on March 6, 2018. All petty cash and cash collections were verified and found to be properly secured.

IV. Discuss Fiscal Year 2019 Budget Framework

- Ms. Zamora reviewed the Fiscal Year 2019 Budget Framework handout.
 - Revenue – Realities/Assumptions
 1. Implement Technology Fee at \$2 per semester credit hour (SCH) as the only overall tuition and fee increase.
 2. Continue to hold steady the Maintenance and Operations Rate (M&O) tax rate for local taxpayers (2.59% preliminary estimate of growth in tax base).
 3. Continue State funding level with FY 2018.
 4. Increase in interest income on cash and investments due to higher interest rates.
 5. Increase in Child Care Center fees based on proposed fee change.
 - Total Unrestricted Revenue for FY 2019 estimated at \$170,828,750; an increase of \$5,582,965 from FY 2018.
 - Ad Valorem Tax Rate – Estimated Maintenance and Operations Rate (M&O) of 0.128828 to remain the same as FY 2018; with a slight decrease in the Debt Service Rate of 0.054021 and the Total Ad Valorem Tax Rate of 0.182849. Actual rates may vary some when certified tax rolls are received.
 - Expense – Realities/Assumptions. The College will remain committed to the following:
 1. Annual salary increase.
 2. Completion and opening of new bond-financed projects.
 3. Meaningful strategic initiatives.
 4. Operational and compliance necessities.
 - Unrestricted Expenditures per Completer – A table was shared showing the number of associate's degrees/certificates and the expenditure per total degrees and certificates awarded from FY 2012 to FY 2017.
 - Priority Strategic Initiatives Funded or changes in FY 2019 Budget.
 1. Elimination of transfer to auxiliary fund from unrestricted fund for athletic programs.
 2. Performance-based salary increase and corresponding benefits.
 3. Net cost for addition of nine new full-time faculty positions (after offsetting from athletic and other positions, and adjunct funds).
 4. Funding of Open Books Project.
 5. Funding of educational planners to support Pathways and student success.
 6. Additional Student Services and Financial Aid support to increase

Finance Committee Meeting Minutes

May 22, 2018

Page 3

student success and retention.

7. Purchase of instructional equipment to improve student learning.
 8. Upgrades to enhance safety and security.
 9. Ongoing upgrades to informational technology.
 10. Other operational needs, cost increases and staffing – human resources, accounting, custodial, landscape, insurance, marketing, and debt service.
- The committee members did not have concerns about the budget assumptions.
 - Dr. Hellyer informed the committee that the budget will be an action item on the July 2018, Board of Trustees Meeting agenda.

V. Adjournment at 5:46 p.m.