

**HARRISBURG AREA COMMUNITY COLLEGE
BOARD OF TRUSTEES FINANCE COMMITTEE**

Wednesday, April 1, 2009, 7:30 A.M.
Boardroom, B106

MINUTES

Present:

Mr. Terry Burrows (via
telephone)
Mr. Daniel Delaney (via
telephone)
Mr. Donald Schell
Mr. Mark Whitmoyer (via
telephone)

Dr. Edna V. Baehre
Dr. Winnie Black
Ms. Eleanor Bosserman
Ms. Pat Conklin
Mr. Patrick Early
Mr. John Eberly
Mr. Thomas Fogarty
Mr. George A. Franklin, Jr.
Ms. Barbara Hutchinson
Mr. David Morrison
Ms. Nancy Rockey
Mr. Stuart Savin (via telephone)
Ms. Meredith Tulli
Ms. Patricia Verdon

Guests:

Ms. Carmina Clark, McGladrey
Ms. Lisa Myers, Boyer & Ritter
Mr. Bill Schmidt, McGladrey
Ms. Kathleen Thomas-Beck, McGladrey
Mr. Matthew Wildasin, Boyer & Ritter

Presentation – Business Risk Assessment and Internal Audit Plan

Ms. Lisa Myers gave a brief overview on the business risk assessment and internal audit plan. She summarized the business risk assessment and approach for an internal audit plan. The ultimate objective is to make sure that the College has sufficient and continuous internal audit coverage over all the high risk areas or areas where there is regulatory compliance or specifically when management says they want an area looked at, even if not a high risk. We gathered tons of information after interviewing many employees, she noted.

Ms. Kathy Thomas outlined the assessment. The assessment was without regard to the structure that is in place. It was based on the nature of the process. The purpose was then to determine where to focus resources for ongoing monitoring and then come up with a risk rating for each area. We typically recommend that we present quarterly where we are at for the audits we complete so that we have constant dialogue, she explained.

Mr. Burrows questioned how many hours are being allocated to each audit. Each audit is going to have an individual audit plan, Ms. Thomas explained. Some could be 200 hours and some could be 500 hours, depending on the particular audit. We will present an audit plan that details out what we will do with that particular audit and the timing, she explained further. Typically, at the beginning of the year, they would give their plan for each of the audits for that year. At that point, it can be a resource determination—to determine whether we want to do more, less, how much follow up are we doing, what else has occurred, etc. The College would have to decide the amount of resources available each year.

Mr. Burrows expressed concern that only five audit plans would be completed each year. He also was concerned with the amount of hours they would spend on each audit. Mr. Franklin explained that the hours would depend on how much information we have prepared up front. It all depends on what we provide them, Mr. Eberly added. We are going to give them our SOPs, internal procedure manual, etc. so that they can review and detail, and they will do some observations and more interviews, he explained further. If they hit a problem area, it may take more time, but it depends on what they find when they start the audit. Mr. Franklin's hope is that they find very little.

In the RFP, they estimated between \$20,000-\$35,000 per audit, Ms. Hutchinson noted. At the beginning of the year, we would need to determine which audits we can afford. If we end up spending \$20,000-\$35,000 per audit, we need to think about bringing this in house and doing it at a lower cost, Mr. Burrows added. We have budgeted \$75,000 for these audits, Mr. Franklin noted. We don't have an engagement with them at this time—this was just for the initial plan.

Mr. Burrows felt that someone should inform Boyer & Ritter that we budgeted \$75,000 per year for this and try to negotiate a better price. It should not take 500 hours required to audit one of these areas, he explained. If we have at least five audits a year, and if they are talking about \$20,000-\$35,000 a year per audit, they may not be the firm for us, he explained further.

Dr. Baehre suggested that Mr. Franklin and staff sit down with Boyer & Ritter and have them verify with actual figures and present a proposal. It's obvious that on an annual basis we would be negotiating the cost if we decide to go with them, she explained. It's in our best interest to negotiate the hours down and therefore the price will go down, she explained further. We don't have a contract with them—this is just their recommendation to us on which areas should be audited.

Minutes

The minutes of the February 25, 2009 and March 9, 2009 Board of Trustees Finance Committee meeting were reviewed and approved.

Resolutions

The resolution regarding the endorsement of the Green Center of Central Pennsylvania was reviewed and will be forwarded to the full Board for review/approval. This project was presented at the Buildings and Grounds (B&G) Committee, and they were very impressed with the presentation. They suggested developing a resolution endorsing the project. Mr. Burrows had reservations about endorsing a project for which he has not yet seen a business plan. Mr. Schell had the same concerns at the B&G Committee, but Ms. Rockey has committed to bring a business plan to the next B&G and Finance Committees. They were looking for an endorsement of the project and the program so that they can go out and secure the funding, since there is going to be a very short window of funding through federal and State project dollars. We hope that a green curriculum will be in place by August of this year, Mr. Schell explained. There is also going to be a press release on April 22nd by Governor Rendell, so this resolution solidifies our interests in being a partner. The only financial commitment would be leasing space in the Campus Square building for the curriculum and staff. The amount of space hasn't been determined yet, but should be somewhere between 5,000- 8,000 sq. ft. and that will be part of the business plan as well.

The resolution regarding the endorsement of the York County Advanced Technology Center project was reviewed and will be forwarded to the full Board for review/approval. This project was presented at the B&G Committee. At the meeting, representatives from the YCEDC and the Advanced Skills Center asked for an endorsement of the project and have asked for no money at this time. They understand that any financial impact on the College's part would be contingent upon developing a comprehensive business plan for this partnership. They need an educational partner for this program to obtain grant monies that might be available through State and federal funding, Mr. Schell added.

The following resolutions were also reviewed and will be forwarded to the full Board for review/approval: 1) Purchase of printing and processing of Summer 2009 noncredit tabloids for all campuses; 2) Purchase of printing of student handbooks/planners for the Harrisburg Campus; 3) Two (2) year contract for launder and press services at the Wildwood Conference Center at the Harrisburg Campus; 4) Contract (single prime) for renovations to the

Library at the York Campus; 5) Contract (single prime) for electrical upgrades to the Hall Technology Center at the Harrisburg Campus; 6) Contract for professional commercial real estate listing services for office subleasing at Penn Center; and 7) One (1) year contract for custodial services and estimated supplies for the Cyber Center at the York Campus.

The resolution regarding the increase in the student activity fee was reviewed and will be forwarded to the full Board for review/approval. The SGA president approached us about increasing the student activity fee, Mr. Franklin explained. We encouraged them to go back and talk with their constituent groups to see whether or not they were all in favor of this, he explained further. They came back with a resolution from their Executive Council recommending that we increase the fee \$.50 per year for the next four years starting with fiscal year 2009-10. This is in line with what other schools are doing.

The resolution regarding the increase in child care rates for the Child Care Center at the Harrisburg Campus was reviewed and will be forwarded to the full Board for review/approval. These rates are per child per hour, Dr. Black explained. This is part of our three year business plan. We did comparisons of child care centers associated with colleges and universities as well as community based child care centers, she explained further.

The contract for the outsourcing of college-wide cashiering software was reviewed and will be forwarded to the full Board for review/approval. This was driven by Mindtek. Mindtek completed a PCI compliance review, Ms. Hutchinson explained. One of their major recommendations was that we need to outsource our processing and get the credit card data off of our servers and into those of a PCI compliant vendor. Research was done, vendors came in and presented, and CASHNet was not only the lowest cost, but it was the easiest and met all of our needs currently, which included third party vendor payments via the web, she explained further.

The gifts-in-kind for use in the General Motors Automotive Service Educational Program and Raytheon New Product Training Program was reviewed and will be forwarded to the full Board for review/approval. The gift-in-kind from Leshar Mack Sales & Service was reviewed. Mr. Schell questioned whether or not an independent appraisal was done on this. Ms. Rockey wasn't sure and will follow-up. Typically, an independent appraisal is done, Mr. Franklin noted. This resolution will not be forwarded to the Board until this can be confirmed.

The gifts and scholarships as well as the report of revenues and expenditures for February 28, 2009 were reviewed and will be forwarded to the full Board for review/approval.

Nonsponsored Tuition Analysis

Mr. Franklin reviewed the nonsponsored tuition analysis with the committee. Mr. Burrows was concerned about the significant percentage increase that we are passing on to our sponsored students. He realized that this is being driven by our agreement with the sponsored districts, but felt we should possibly raise the nonsponsored students' tuition. From a fairness perspective, I would not be comfortable asking nonsponsored students to pay more money because of our new agreement with the sponsored school districts, Dr. Baehre explained. We presented the budget model to the school districts and the students understood very well that they were still getting a bargain from the school districts. If word gets out that we are asking the nonsponsored students to pick up the difference so that the sponsored students can get an even further reduction, I think that would be disastrous, she explained further. It also would not come to the credit of the Harrisburg budget. It would actually further reduce the revenue in the Harrisburg credit budget.