

Massasoit Community College Board of Trustees  
Meeting of the Audit Committee  
Wednesday, November 8, 2017  
5:00 P.M.  
President's Conference Room, Administration Building, Brockton Campus  
Brockton, MA  
*Approved February 15, 2018*

Attendees: Thomas E. Carroll, vice-chair, Ann M. Sullivan, trustee, Valerie Sullivan, trustee, William Mitchell, interim president, Nick Palantzas, senior vice president and vice president of the Canton Campus, Patricia Marcella, interim vice president for administration/CFO, William O'Neill, interim chief of staff/executive director of budgeting and finance, Jane Centrella, staff associate for administration and finance.

Call to Order

The meeting was called to order at 5:11 P.M.

Approval of the minutes of the October 4, 2017 Audit Committee Meeting (vote needed)

**A motion was made by Vice Chair Carroll and seconded by Trustee V. Sullivan to approve the minutes of October 4, 2017 Audit Committee meeting as corrected. The motion passed unanimously.**

Review of the proposed Audit and Finance Committee Charter and recommendation to submit to the Board of Trustees the proposal to change the current Audit Committee to the Audit and Finance Committee. (vote needed)

Vice Chair Carroll stated that the goal is to have a discussion of the audit and finance committee charter to make a recommendation to the Board at the December meeting. Interim VP for Administration/CFO Pat Marcella stated that since the charter had already been approved by the Board, she merely added to it the additional functions we were looking for rather than subtract from it. Trustee V. Sullivan noted the additions on investments, financial reporting and oversight of investment policies, and reviewing investment activity. Investments were added under Committee Responsibilities as well as the review of the spending plan, monitoring of the financial operations of the College, determining compliance from material deviations from the budgets, reviewing current investment policy including investment allocations, and monitoring investments to target allocations. The rest of it connected to the audit function was kept the same.

Discussion followed regarding committee membership. Chair Harnais would recommend or people could be nominated. Meeting frequency was then discussed. Stated as four times per year in Charter. The committee has been meeting monthly. Interim President Mitchell stated that it is not because of the monthly financials but because of the activity: condensed interim spending plan, the audit, the spending plan and then the first quarter. Every quarterly report is approved by the Board. Management would like the audit committee to look at these first before they are presented to the Board. Interim President Mitchell stated that we could continue to look at this process. Trustee V. Sullivan noted that perhaps the Vice Chair should look at these first. Vice Chair Carroll agreed that if there are no major aberrations from the budget there might not be a need for committee review. Interim President Mitchell stated that we are not anticipating any anomalies. The critical piece is the administration presentation to the Board of the spending plan in April/May for FY19. Past practice was to present this in September. Process is being dramatically altered. Vice Chair Carroll confirmed that spending plan is to be presented in April to audit committee, followed by the full Board in May. Interim President Mitchell explained that this timing makes sense in relation to any fee increases.

Interim President Mitchell suggested that the Audit and Finance Committee meet mid-year. The committee would meet in September and March only if there is a concern. Interim President Mitchell would bring any issues to the committee through the Vice Chair. Meeting schedule would be structured going forward by activity- the mid-year report, annual spending plan, various audits (Financial Statements or Financial Aid).

Discussion continued concerning the committee's monitoring of the investments of the college and target allocations. Decision was made to change monitor to oversee. Vice Chair Carroll clarified the difference between management's responsibility of the monitoring and the controls. The committee is to provide oversight and guidance. Interim President Mitchell stated that we look to the committee's expertise and there is an oversight role with fiduciary responsibility. The committee gets assurances under the annual audit processes. Review and assess should be taken out – this is the administration's responsibility and not for audit committee. The audit firm tests that and reports to the committee. The

committee has the opportunity to engage the auditors before they start their work and before the engagement letter comes out. Risks and Controls should be moved down to section on External Auditors under the bullet of *provide a medium*. Change *monitor the operations*, to *oversee operations*. Trustee V. Sullivan noted that *three main areas* should be *four* at top of first page. Interim VP for Administration/CFO Pat Marcella will make suggested changes and send out revision. Vote will be conducted at the December meeting. Entire Board has to vote on the charter. The committee will make a recommendation to the Board.

Interim President Mitchell noted that the same rules apply to the committee as to the full Board regarding a quorum. If there is a quorum present, then you may have one member on the phone who can vote. Discussion ensued regarding December 6, 2017 retreat at Bridgewater State University. Interim President Mitchell discussed the plan to have time set aside for strategic planning and discussion as to where the Board fits in with this planning. There will also be a regularly scheduled Board meeting with regular agenda items. There will be a social hour at the end of the event. An agenda will be sent out shortly.

Review of the First Quarter FY18 Financial Report by Patricia Marcella, Interim Vice President of Finance and Administration/CFO and William O’Neill, Interim Chief of Staff/Executive Director of Budgeting and Finance. Interim Chief of Staff/Executive Director of Budgeting and Finance William O’Neill distributed slides pertaining to the first quarter report. This is the last first quarter presentation that is under a provisional plan. The FY19 Spending Plan will be presented in the spring. Discussion followed about having enrollment projections ready for next fall and spring. The College has made assumptions about what our state appropriations will be and locally generated revenue streams based on what we see for enrollment. The divisions are putting together requests. We will see this input from them in December.

This 20% threshold was based on the provisional spending plan approved by the Board in May. We did exceed that threshold as far as expenses. Discussion followed as to why we exceeded the threshold. Executive Director O’Neill explained that the 20% threshold was deliberately set to send the message that it is an austere year. Coming from last year’s allocation, we are going from a larger number to a smaller number. Tagging it at 25% would be problematic because it would be an outsized number of the FY18 number. Operations and Capital Improvements and Equipment were well under the 20%. The payroll and benefits is such a large chunk it is difficult to get away from that being in line with the linear progression through the fiscal year. Combined, the payroll and benefits was about 80% so that pushed us up a little above the 20% threshold. There was also the timing issue of an extra payroll as well as the timing of the staff reductions, which was originally scheduled to be done sooner. We are under that 25% which is the benchmark we want to look at. Another contributing factor is expenses creeping up in the first quarter because of pre-paid items like memberships, subscriptions and contracts that are initiated in the prior fiscal year that have a footprint in the following year. These hit in the first quarter. Vice Chair Carroll stated that now that we have an approved spending plan that is what should look at. It is retroactive, but we fall within the 25%. We look at how we are doing compared to the approved spending plan we have now. The committee has been briefed on how we arrived at the 22.11%.

Looking at revenue and expense, we received 33.33% of our state appropriation. This varies year to year. We have collected 48% for another \$13M of our Operating Fund. Prior year trend is 45.29%-47.94%. Compared to last year, the biggest difference driving the increase is in the prior year revenue collections. We are seeing that earlier this year than usual.

Turning to Capital Expenditures, we dedicated funds to a new roof and ceiling in the multi-purpose room in the Field House, LED lighting and controls across campus, and a Catch basin repair on the boulevard. Interim President Mitchell noted that the LED lights do an excellent job lighting the campus at night. Engineering lab expenses not included here. These are the projects that fall under Capital Adaptation and Renewal. The Engineering Lab is a special project. Construction is underway so expenses not reflective in our first quarter numbers.

Discussion turned to the \$227k not included in our spending plan. Interim President Mitchell explained that this money came from the City of Brockton and the plan to use it for renovating the TV studio. Management will ask for a revision to the spending plan. The bottom line will not be impacted. The First Quarter Expenditures by Category slide was then reviewed. The largest piece for first quarter was payroll and fringe. Discussion followed about the impact of benefit expenses on the budget, particularly in respect to non-unit personnel.

Other Business

Interim President Mitchell stated that the semester is off to a good start. He confirmed that the Fall enrollment numbers were a little better than the 5.2% projected, coming in at 4.2%. Spring semester projection is 2.2% down off last spring. Fall is always largest semester. May have a half a point issue in the spring. Discussion followed about initiatives to drive enrollment. These were presented at the last board meeting. Direct faculty outreach seems to be key to retention. Group discussed importance of getting faculty involved with advising and the importance of high-touch activities such as phone calls. Trustee V. Sullivan suggested showing the board in December the activities and then tying them to the metrics. Discussion followed about the status of the enrollment dashboard. Dashboard was shared with the board at the last meeting. It is being used internally at a macro level to track how we are doing with our projections. Support services are crucial because these students are juggling so many things. Institutional Research's survey showed that students expected to take longer to complete their degree because of competing priorities. Students reported that they were completing in the time they planned or exceeded their plan timeframe.

Vice Chair Carroll noted the importance of checking in with the other revenue streams, as we are predicting shortfalls for spring. Corporate and Community Education will be making a presentation to the Board. Interim President Mitchell was asked today to be on the Workforce Investment Board in Brockton. Looking at the year to date activity for CCE, revenue equaled expenses, which is a step in the right direction.

**A motion was made by Trustee Vice Chair Carroll and seconded by Trustee V. Sullivan to adjourn the meeting. The motion passed unanimously.**

Prepared by:



Jane Centrella  
Staff Associate, Finance and Administration



Thomas E. Carroll  
Vice Chair, Board of Trustees