



COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
Board of Trustees

Finance and Audit Committee
July 31, 2009

Members Present: Ned Densmore, Chair, Richard Gustafson, Robert Mallat, Ronald Rioux, Steven Budd, Paul Holloway, Katharine Eneguess, Harvey Hill, Richard Heath, Will Arvelo, Mike Marr, Mark Edelstein.

Others Present: William Beyer, Susan Proulx, Amber Wheeler, Kelly Chapman, Sarah Woods, Gloria Bacon, Melanie Kirby, Alice Mowery, Shannon Reid, and Scott Osgood.

The meeting was called to order at 9:58 a.m. at the NHTI MacRury Hall, Concord, NH.

1. Approval of Minutes of June 4, 2009

VOTE: On motion by Mr. Mallat, seconded by Mr. Hill, the Committee voted unanimously to approve the June 4, 2009 minutes as presented.

2. LBA Audit Update

Mr. Marr presented the update of the Audit Response Status quarterly report. The committee indicated its desire for quicker resolution to the outstanding items.

ACTION: It was requested that the report include the name of the individual assigned to each task and the estimated time of completion (two more columns). It was also requested that when a "dot" is completed from one report to the next that it be identified in a different color on the spreadsheet. It was further asked that completed items be placed in a separate document.

Dr. Gustafson added that we generated this report to serve as a historical document and to demonstrate our actions to implement the audit recommendations. The report will also include observations and recommendations from our internal audit staff.

3. Internal Audit Report

Sarah Wood presented and explained executive summaries of two Internal Audit reports: Student Training Accounts and Cell Phones. Currently, there are seven other audits being conducted including computer and lap top distribution.

The cell phone audits covered six months of activity on each campus/system office and were audited for reasonable use of phone, cost effectiveness of phone programs and physical inventory of phones. It was recommended that we develop policies regarding the use of cell phones.

It was explained that we are under the State cell service provider. The President and CFO are responsible for authorizing the cell phones to employees.

Dr. Gustafson added that areas of risk were identified and that we should eventually have a cell phone contract outside the state.

Ms. Woods reported on the student training account audit. This audit was requested by one college but four colleges with training accounts were audited covering one year of activity. The audit involved looking for proper back-up, approvals, payments and reporting. It was determined there is a lack of policies for internal controls and Board approvals .

4. Review of FY10 Operating Budget and 6. FY09 Preliminary Results

Mr. Marr circulated and explained the FY10 budget allocation plan. All amounts were allocated based on FY09 general fund percentages.

Dr. Gustafson noted that discussions with Presidents continue on the way we allocate funds and the need for a formula that is simple and equitable. Mr. Densmore indicated the Committee expects and will await a recommendation from SLT.

The 2% Retirement and Risk Reserve account was explained. Mr. Marr indicated that we wish to establish a reserve as we move away from the state. This account would be established to pay for accrued leave balances owed upon retirements and for other contingencies that arise. As part of this process, we would remove the 75%/25% split of funds that are transferred to the lapse account and have the colleges retain 100% minus the 2%.

Dr. Gustafson added that this account will be available for unfunded liabilities. This is a way to bring additional structure and predictability to system and college budgeting.

VOTE: The Committee, on motion of Mr. Mallat, seconded by Mr. Hill, voted unanimously to recommend to the full Board to establish a 2% retirement and risk reserve account to pay for accrued leave balances owed upon retirements and other contingencies that may arise. Further, that the existing lapse fund no longer be subject to a 75/25% split and that 100% of the lapse funds be retrained by the colleges

Mr. Marr circulated and explained the following reports:
FY09 NHIFS preliminary ending results
Lapse Account FY09
Credit Analysis

Mr. Marr explained that the \$3.3 million that was sent to the lapse account was an inflated figure since encumbrances are not reflected in NHIFS since the electronic accounts payable feed was implemented. It was requested to authorize moving the encumbrances out of the lapse fund and placing them into the appropriate college line. All these encumbrances were verified and are accurate. In addition, it was requested that the balance in the Running Start account be returned to the appropriate line.

VOTE: The Committee, on motion of Mr. Mallat, seconded by Mr. Hill, voted unanimously to put the lapse encumbrances totaling \$1,720,040 back into the appropriate college line; and to put the \$10,867 back into the Running Start line.

5. System Policy on Tuition Rates

Dr. Gustafson indicated that he has drafted the proposed change for charging tuition. This was provided for information only and will be discussed in detail at the System Leadership Team meeting.

This item was tabled.

7. Other

a. Nelnet Contract

Bill Beyer explained that Nelnet Business Solutions will provide students, families and alumni with online payment and refund options, in a secure environment that would protect personal information.

It was explained that we currently do business with Nelnet now for the budget payment plan but this contract would enable us to make one time online payments

VOTE: The Committee, on motion of Mr. Mallat, seconded by Mr. Hill, voted unanimously to approve the five year contract with Nelnet Business Solutions to provide online payment and refund options at an estimated cost of \$37,000 per year.

b. Lapse Request – Marketing

Ms Reid explained the \$110,000 lapse fund request to sustain the CCSNH rebranding efforts in FY10. Funds will primarily be used for statewide television advertising, design and production of marketing materials, and continuation of coordinated marketing.

VOTE: The Committee, on motion of Mr. Mallat, seconded by Mr. Hill, voted unanimously to recommend to the full Board the approval of the \$110,000 lapse fund request for CCSNH rebranding efforts.

c. CSSF Allocation Change – GBCC

President Arvelo explained that GBCC would like to change the allocation to improve the overall Student Activity services to the students, to establish an intercollegiate athletics program, to improve student leadership opportunities and to restructure the current allocation model to provide more discretionary funds to student leaders. The allocation would reallocate 50 cents from the administrative portion to student activity.

VOTE: The Committee, on motion of Mr. Mallat, seconded by Mr. Rioux, voted unanimously to recommend to the full Board the change of allocation of the comprehensive student services fee for Great Bay Community College from \$3/2 (student activity/administrative) to \$3.50/1.50 effective fall, 2009.

d. Lapse Request – GBCC

Great Bay CC requested use of \$300,000 lapse funds to continue several projects that were value-engineered out of the original Pease construction project.

VOTE: The Committee, on motion of Mr. Mallat, seconded by Mr. Hill, voted unanimously to recommend to the full Board the approval of the \$300,000 lapse fund request from Great Bay Community College for construction projects including maintenance building, site work, additional parking, resurface all the parking areas, add curbing, address catch basins and landscaping.

e. Child Care Fee Increase – WMCC

It was noted that WMCC just received the new child care rates from the Childcare Development Bureau. They are not available in April when we bring all the new fees forward to the Board. The rates are based on need.

ACTION: Next April, include a footnote with the fees indicating the WMCC child care fees will increase based on Childcare Development Bureau rates.

VOTE: The Committee, on motion of Mr. Mallat, seconded by Mr. Hill, voted unanimously to recommend to the full Board the request from White Mountains Community College to increase the Child Care fees as follows effective June 29, 2009:

LEVEL OF SERVICE	CHILD AGE IN MONTHS	WEEKLY FEES
FULL TIME	3-17	\$187.00
FULL TIME	18-35	\$180.00
FULL TIME	36-78	\$157.00
FULL TIME	79-155	\$120.00
HALF TIME	3-17	\$144.72
HALF TIME	18-35	\$139.44
HALF TIME	36-78	\$121.44
HALF TIME	79-155	\$ 75.00
PART TIME	3-17	\$ 72.36
PART TIME	18-35	\$ 69.72
PART TIME	36-78	\$ 60.72
PART TIME	79-155	\$37.50

Mr. Marr circulated a proposed draft of unrestricted fund financial information and asked if the committee was interested in receiving this report monthly – one page for each college/system office. The Committee expressed interest in receiving the report.

The meeting adjourned at 11:45 a.m.

NEXT MEETING: September 10 at 10 a.m.

Respectfully submitted,

Marie Anne Mills
Assistant to the Commissioner