

Standard III: Resources

According to the Faculty and Staff Accreditation Survey data: (Doc. 44)

- 92% of faculty and staff agreed or strongly agreed that “Students who complete degrees or certificates at De Anza have received instruction and support services to assist them in mastering the competencies covering: Communication, Computation, Critical Thinking and Citizenship.”
- 80% agreed or strongly agreed “College Web sites are effective in providing information that is easy to locate for students.”
- 39% disagreed or strongly disagreed that they were “adequately supported in their efforts to utilize the Web to provide and develop resources for student learning.” These figures are consistent with the responses given in the Standard III.C.1.b section on faculty and staff training.
- 36% disagreed or strongly disagreed that learning support services (labs, tutoring, etc) do “consistently evaluate student learning outcomes and adjust strategies for maximum effectiveness.”
- 38% disagreed or strongly disagreed that the college does “provide adequate software, hardware and telecommunications to each employee’s desktop.”
- 52% disagreed or strongly disagreed that “Classrooms and labs have adequate computer equipment and technical resources to support teaching and learning.”
- 66% disagreed or strongly disagreed that “Technical support is available on a timely basis.”

Planning Agenda

- Vice president of Finance and College Services will provide leadership to develop a De Anza College Technology Plan based on the campus Educational Master Plan that provides direction to the district Technology Strategic Plan.

Standard III.D

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning.

Standard III.D.1

The institution relies upon its mission and goals as the foundation for financial planning.

Descriptive Summary

Financial planning is integrated with and supports all institutional planning. Financial planning begins with planning and financial review in the Planning and Budget Teams (PBTs) for Instruction, Student Services, and Finance and College Services. (Doc. 93) The Workforce and Economic Development Team was integrated into the other three teams as a result of those functions being collapsed functionally into Instruction and Finance and College Services. All PBTs consider the functions they represent in determining resource allocation recommendations in support of the institutional mission and goals.

Self-Evaluation

The committee review processes for budget allocation are very inclusive and comprehensive. A more formalized tracking process to relate decision-making to mission and goals could be utilized. However, in an educational environment that serves such a broad constituency and mission it would be difficult, especially in such challenging budget conditions, to identify resource allocations that have been identified for other than core programs and services. Processes related to reductions, especially in the areas of faculty and staff, received careful consideration and review at all levels relative to the core mission and goals.

Planning Agenda

No recommendations at this time.

Standard III.D.1.a

Financial planning is integrated with and supports all institutional planning.

Descriptive Summary

The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

The Campus Budget Team is a shared governance group that considers the overall financial position of the college. This group includes representatives from the PBTs and considers the overall impact to the college of budget recommendations. The goals of the Campus Budget Team are to make recommendations to College Council that ensure the adequate allocation

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of resources to carry out the Educational Master Plan, to support prudent budget management, and to identify unfunded and under-funded activities and needs. (Doc. 94) College Council is also a shared governance group and has been identified as the final step in the process of recommendations to the president in matters of budget allocation.

Self-Evaluation

Financial planning and budget development at De Anza is responsive to the programmatic and service needs that support SLOs. In the current environment of budgetary constriction we must be annually responsive to the budget process while honoring the existing Educational Master Plan goals that exist for a five-year period. In the future, consideration should be given to provide for flexible, shorter-term institutional planning that would be responsive to budget considerations.

Planning Agenda

No recommendations at this time.

Standard III.D.1.b

Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Descriptive Summary

Institutional planning occurs as a result of the development of the Educational Master Plan and is supported by the efforts of the PBTs. The PBTs respond to assessments of resource availability and expenditure requirements in the current year and in budget development for the subsequent year. The financial condition of the district is presented through quarterly reports from the vice chancellor of Business Services. (Doc. 95) In addition, the college financial position is reported by the vice president of Finance and College Services to the Campus Budget Team, College Council and through regularly scheduled town hall meetings. (Doc. 96)

Program and service areas are encouraged to pursue external funding through partnerships or grant opportunities. These initiatives are typically grassroots in nature and championed by individual faculty members and/or program managers. The FHDA Foundation coordinates grant-writing efforts to eliminate duplicate pursuit of funding sources and also explores development opportunities based on campus priorities.

Self-Evaluation

Financial assessment is ongoing and responsive to the dynamics of state funding driven by enrollments as well as escalating expenditures. Current financial information is readily available at both the district and campus levels. (Doc. 97) Division leadership as well as individual faculty members actively pursue resource development opportunities locally and at the state and federal levels. The elimination of the grant support position four years ago has created a void of coordination and support for these efforts.

Planning Agenda

No recommendations at this time.

Standard III.D.1.c

When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

Descriptive Summary

All obligations are budgeted at the district level and reported in the notes to the financial statements and are accounted for in the Debt Reserve Fund. The largest obligations of the district are for repayment of \$248,000,000 of General Obligation (GO) Bonds authorized in 1999. The district has sold and issued \$157,575,063 of GO Bonds through June 30, 2004 for the purpose of construction and renovation of college facilities.

Financing and refunding Certificates of Participation (COPs) account for the largest balance of long-term debt obligated by the district. Long-term debt service is budgeted as its first priority along with other long-term liabilities. Outstanding debt service is repaid from revenue streams such as parking and campus center use fees. A debt-service schedule is included in the district's annual budget. (Doc. 98)

Self-Evaluation

This area is annually reviewed through external audit. Financial reports are presented quarterly by the Audit and Finance Committee to the Board of Trustees. (Doc. 99)

Planning Agenda

No recommendations at this time.

Standard III.D.1.d

The institution clearly defines and follows its guidelines and processes for financial planning and budget.

Descriptive Summary

The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets. Many shared-governance groups participate in the process to develop plans and to make budget recommendations. There are three Planning and Budget Teams (PBTs) that represent the areas of Instruction, Student Services, and Finance and College Services. In addition the Campus Budget Team reviews PBT recommendations and considers financial policy issues at the campus level. College Council acts as the final review of planning and budgeting recommendations and provides direct advisement to the president. All of these committees meet bi-weekly during the academic year. Membership is consistent for the academic year and participation is very high. Governance group members co-chair the PBTs with the vice presidents, and make recommendations to College Council and the president.

Self-Evaluation

In fall 2004 a survey (Doc. 117) was sent to members of the PBTs to gauge how members felt the financial planning and budget process was working. Of those responding:

- 86% thought “the frequency of the meetings” is “just right” and that “the membership structure and make-up of the committee was representative of all governance groups.”
- Regarding the question of whether relevant data was “readily available, shared with committee members, and used for decision making,” 57% indicated “all of the time” and 43% indicated “some of the time.”
- 86% answered that “budget assumptions and challenges are communicated to the college community in preparation for budget development are “clear.”
- While 71% said they were “satisfied” with “the level of discussion concerning budget impacts /requests for their division” only 57% were “satisfied” with “the level of discussion concerning budget impacts/requests across all functional areas.”
- 71% of PBT respondents thought that “budget recommendations have been guided by the educational, facilities, and technology master plans” ... “most of the time.”
- 50% felt that “Campus Budget and PBT recommendations are reflected in final budget decisions” ... “most of the time” while 50% answered that they are reflected only “sometimes.”

In the last several years the budgeting and planning process has focused on responses to budget reductions. The formal process outlined above was followed except in cases where confidentiality around specific layoffs prevented disclosure. However in all cases the PBTs provided recommendations that ultimately determined the proposed reductions.

There has not been a formal linkage between the PBTs and information was often shared at the senior staff level. However, this process has been somewhat improved by having PBT representatives who serve on the Campus Budget Team report activity to the PBTs. This has served to provide a forum at an institutional level to consider cross-functional impacts in response to survey shortfalls.

Planning Agenda

No recommendations at this time.

Standard III.D.2

To assure the financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

Descriptive Summary

At the district level, computerized systems exist to monitor budget activity and can provide real-time available balance information. De Anza's director of Budget and Personal and the campus-based budget analyst work closely with departments and divisions to ensure budgetary compliance and provide assistance in the budget process. The District's budget director annually communicates information regarding the budget process, including timelines, to the college. The college responds by providing templates to the deans and department heads to review and/or change discretionary budgets. Personnel budgets are also provided to review for accuracy.

The District's Purchasing Department monitors and verifies available funds before a purchase order is released as well as checking purchasing authority as defined by board policy. Every account has an assigned budgeter who is required to sign off on all purchases.

Monthly financial reporting is provided via the Web and includes the Monthly Expense Report (MERS). The MAUI system and Financial Resource System (FRS) enables division deans and program managers to review financial data electronically. In addition, the vice president for Finance

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and College Services, the director of Budget and Personnel, and the budget analyst review revenue and expenditure data on a monthly basis and ask division deans and program managers to respond to budgetary concerns.

Self-Evaluation

Many of the same issues exist around the antiquity of the District's financial management system and reporting tools. Oversight is extremely labor intensive due to reporting inadequacies. Systems are not user-friendly and require very detailed knowledge of the accounting system and structure to use them effectively. A state-of-the-art financial management system would provide quick, easy, and flexible reporting currently not available to this college. New employees do not receive training in the District's reporting systems making accessibility a greater challenge.

Although the Collegis Report strongly recommended that planning for a replacement system be initiated immediately, there have budget barriers to moving forward. The most recent District Technology Plan (Doc. 87) identifies replacement as a strategy and funding to potentially occur through a Proposition 39 Bond. It is critical that the college provide input to the district in the selection and acquisition of a new financial management system.

Planning Agenda

- The district should acquire a system that provides for real-time information, flexible reporting capabilities, and the integration to a comprehensive student and human resource management system.

Standard III.D.2.a

Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Descriptive Summary

The Foothill-De Anza Business Services Office is responsible for coordinating the development of the district's annual budget. The District Budget Committee recommends budget policy and budget scenarios to the Chancellor's Advisory Council (CAC). Starting in fall and continuing through spring, the Budget Committee reviews the prior year's activity, receives requests for additional or new funding, works on policy changes or reviews and develops revenue and expenditure scenarios based on the latest information from state and local sources.

At De Anza, the Educational Master Plan (Doc. 21) has served as the college's central document for planning and budgeting resources. It guides all educational decisions and resource allocations. These planning efforts help De Anza anticipate the future and plan accordingly. Each year the college revisits old plans and creates new ones to meet the emerging needs of the institution. Having an inclusive and transparent process for budget cuts has been especially important during the past few years of state budget reductions. De Anza's shared governance groups have been actively involved in assuring that our limited funds and resources are allocated in a manner keeping with the four master plan goals.

Program Review and resource allocations are carried out in three program areas, each headed by a vice president (Instruction, Student Services, and Finance and College Services). This allows areas with common interests and goals to determine their particular needs in accordance with the Educational Master Plan. Recommendations developed by each Planning and Budgeting Team are forwarded to the Senior Staff and the Campus Budget Team. The Campus Budget Team is composed of members from each of the four Planning and Budgeting Teams. Their recommendations are then forwarded to the College Council, where final recommendations are made based on a college-wide view of programs and how they fit the Educational Master Plan. After much input and consultation, the president makes final recommendations to the chancellor and the CAC.

Out of this process comes an annual budget that is monitored, updated, and reported on throughout the year. An annual audit is performed and all exceptions are reviewed and responded to under the oversight of the Audit and Finance Committee, a sub-committee of the Board of Trustees.

Foothill-De Anza engages an external accounting firm to perform its annual audit. Perry Smith and Company, Certified Public Accountants, stated in their unqualified opinion that the financial statements were found to fairly represent the financial conditions of the college and the district as they related to carrying out the master plan goals. All audit exceptions are reviewed and responded to under the oversight of the Audit and Finance Committee, a sub-committee of the Board of Trustees. A final audit report is issued, reviewed, and approved by the full board. (Doc. 99)

Self-Evaluation

Financial documents reflect the annual allocation of funds to the various departments and programs. A monthly financial report (MER) and a budget-to-actual comparison of discretionary funds are issued for careful monitoring at the program levels. (Docs. 100, 101) Further, annual audit reports have found no questionable practices or accounting irregularities. (Doc. 102) It

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is important to note, however, that only 39% of respondents to the Faculty and Staff Accreditation Survey felt that the process for allocating campus materials, resources, equipment, and personnel is fair.

Planning Agenda

No recommendations at this time.

Standard III.D.2.b

Appropriate financial information is provided throughout the institution.

Descriptive Summary

SCT Plus is the district-wide software that Foothill-De Anza's Business Services and De Anza College staff depend on to monitor all budgetary activity. It provides real-time accountability of financial information for management evaluation and fiscal services reporting. In addition, the District Accounting Department's Web pages provide information and graphics detailing procedures to follow for all budget managers. (Doc. 121) Authorized employee positions are monitored through the Human Resource System, and the Purchasing Department tracks available funds in departmental accounts prior to releasing a purchase order. Faculty, staff, and administrators have several opportunities to keep informed about budgetary and financial issues through the following fiscal reports:

- Monthly Expense Reports (MERs) are updated monthly and posted to the district's Intranet for viewing at any time by staff. (Doc. 100)
- Financial Resources System (FRS) is updated each evening and may be viewed on the district Intranet site at any time by authorized staff.
- Human Resources System (HRS) is updated daily and may be viewed online for inquiry by authorized staff.
- MAUI (Macintosh Assisted User Interface Software Program) is a stand-alone program developed and written by staff from the district's Educational Technology Services (ETS). It has been tailored to the needs of our colleges and can be distributed to anyone within the district. It can be used for FRS, SIS and HRS data. It provides up-to-date data for users to view, but not to change in the database.

The following college and governance meetings are open to everyone:

- De Anza Town Hall meetings are conducted usually once per quarter by the vice president of Finance and College Services and the director of College Services to provide information about

budget issues, and to gather feed back from faculty and staff. (Docs. 96) Additional Town Hall meetings regarding Measure E construction projects are also held about once per quarter to update the campus community. Approximately \$130 million has been earmarked for renovation and construction at De Anza.

- The Foothill-De Anza Audit and Finance Committee is a sub-committee of the Board of Trustees augmented with additional community members. This committee holds regularly scheduled meetings open to the public. It monitors progress on bond expenditures and transfers, reviews all audit findings, meets with the district external auditors, and reviews other significant financial policies and recommendations of the district. (Doc. 103)
- De Anza's Planning and Budget Team (PBT) meetings are participatory governance teams designed to review financial and planning issues in the three major areas of the college. Each vice president's area has a PBT that receives information on college-wide budget issues, and makes recommendations on budget allocations within their respective areas. (Doc. 93)
- De Anza's Campus Budget Team has representatives from each of the PBTs and addresses college-wide budget issues. This team links to the District Budget Advisory Committee to ensure continuity in information and decisions, and also makes recommendations to Senior Staff and the College Council.
- The District Budget Advisory Committee meets every two weeks and is composed of representatives from each of the campus budget teams and Central Services personnel. The committee reviews budget parameters and progress on revenue and expense during the year. This committee also reviews major budget policy and procedure and answers budget-related questions that may arise from the campus. Agenda and minutes of the committee are posted on the Business Services Web site and at the District Office. (Doc. 104)

The following publications and Web sites are also sources of information:

- La Voz is the De Anza College student newspaper. It informs students about current budget situation and policies. (Doc. 105)
- The Foothill-De Anza Web site maintains a current posting from the chancellor on policy and budget matters. This site makes available the minutes of the Board of Trustees and the FHDA Audit and Finance Committee. Updates on state budgetary issues and other reviews are available here (Doc. 106) and on the De Anza Web site.

These sources are available to and are utilized by both the district and college from top management to division deans and program heads. There is ample opportunity to be informed.

Self-Evaluation

One-third of De Anza employees responded to the Faculty and Staff Accreditation Survey in fall 2004. (Doc. 27) Of those responding, 57% agreed or strongly agreed that administrators, faculty, and staff have appropriate opportunities to participate in and influence the development of college financial plans and budgets. Fifty-two percent of respondents agreed or strongly agreed that the financial management system creates appropriate control mechanisms and provides dependable and timely information for sound financial decision making.

The district's system runs on three files that are not integrated: the Human Resources System (HRS), Financial Resources System (FRS), and Student Information System (SIS). There has been ongoing concern about this foundation for technology. While the district has identified the cost to transition to a new system, the initial cost estimate, which exceeds \$10 million, has so far precluded progress on a replacement. In the meantime, the district is actively pursuing a database system, such as Oracle, that will lie on top of the flat file system and allow us to extract and cross reference data in the three systems mentioned above. While it is not a permanent fix to the underlying architecture, it is allowing us to work at a higher analytical ability for the time being. While the analytical ability of the existing system is weak, the transactional ability to pay bills, check online for account balances, pull simple reports by college, file necessary state reports, comply with external audit requirements, etc., are all solid features of the existing system.

Planning Agenda

- The district should acquire a system that provides for real-time information, flexible reporting capabilities, and the integration to a comprehensive student and human resource management system.

Standard III.D.2.c

The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.

Descriptive Summary

The District receives its revenues from three major sources. They are categorized in the books and records as federal revenues, state revenues, and local revenues. All revenues are maintained at the district level and distributed to the colleges based on the approved annual budget.

CASH FLOW AND RESERVES

Through careful planning and budgeting, the district has historically maintained a healthy cash flow and sustains adequate reserves to ensure fiscal stability. (Doc. 98) The Board of Trustees has a practice of maintaining a 5% reserve for General Fund Operations.

The district's financial review cycle results in monthly analysis of the financial condition and related cash flow at the management level. Formal reviews of the financial condition of the district are prepared at the end of each financial quarter and reviewed by the Audit and Finance sub-committee of the Board of Trustees, and by the Board of Trustees. Each of these documents present forecasts of year-end revenues and expenditures, and the related cash flow. Any adverse trends are highlighted to the board in a timely fashion. (Docs. 98, 99, 102)

The last three years' ending balances of the unrestricted general fund (Fund 14 and Fund 15) are as follows:

| | |
|-----------|--------------|
| 2003-2004 | \$19,771,902 |
| 2002-2003 | \$20,097,889 |
| 2001-2002 | \$23,756,390 |

These amounts are sufficient to maintain a reserve of 5%. This reserve level has been achieved in each of the recent budget years, as is evident in the annual and quarterly reports. (Doc. 95) It is also important to note that the 5% target is well within the California Community Colleges Chancellor's Office guidelines for what is considered to be a healthy, viable, unrestricted reserve. All reserves are maintained and accounted for at the district level.

RISK MANAGEMENT

The district employs a director of Risk Management whose responsibility is to protect and preserve the people and assets of the district. FHDA maintains adequate levels of various types of insurance, such as property and liability, to assist in this task. Safety training, such as forklift and confined space training, and frequent monitoring for potential safety issues is also a major component of the Risk Management function. OSHA compliance and careful oversight of any claims against the district are also areas of Risk Management accountability.

INSURANCE

The district maintains adequate insurance on property and liability. (Doc. 107) The lines of coverage and the relevant deductibles are summarized and updated periodically. This "Insurance Coverage Summary" is made available to the appropriate managers and staff as needed. Annually, the district risk manager reports the status of our coverage to the Board of Trustees. The most recent report was presented to the board on Nov. 1, 2004. It is item 6 on the agenda. (Doc. 108)

EMERGENCIES AND UNFORSEEN OCCURRENCES

Each year as a backup, the district participates in the Tax Revenue Anticipation Notes (TRANS). TRANS are issued by local governments to finance short-term cash flow deficits, which may occur due to the irregular nature of cash flows from taxes and other revenues. While the authorization has been in effect to draw funds from TRANS, the district has not found it necessary as it has had sufficient cash flow to meet its annual operational needs.

Every attempt is made to operate under a balanced budget. The district has also maintained the 5% reserve level for year 2004-2005, through necessary reductions in programs and cooperation with representatives to modify employee medical benefit programs to offset some of the increased cost of benefits.

Self-Evaluation

The district was able to maintain 5% reserve in the last three years even during the worst economic crisis in the state's history. The financial health of the district was affirmed when the second series of bonds for Measure E in September 2003 were issued. The district received a Moody's bond rating of Aa1 and a Certificate of Participation (COP) rating of Aa3. This was the highest rating of bonds for any community college district in the state. The rating is based on the strength of the local economy, the financial management of the district and the minimal amount of debt the district carries. This is important because it affects the interest rate paid on the debt.

As a result of the new requirements of the Governmental Accounting Standards Board (GASB), the district conducted an actuarial analysis of the obligation it has incurred for future medical costs for retirees. (Doc. 109) This analysis was conducted in September 2004 and indicated that the total un-funded medical costs for retirees and future medical costs for active employees vested for retiree benefits was about \$190 million. There has been ongoing discussion within the district on various strategies to begin funding this obligation as recommended by the GASB. No final decision has been made on funding for the 2004-2005 year, but it is an active discussion item with the unions and the board. The district has no funds set aside for these future costs of medical care for retirees.

Planning Agenda

No recommendations at this time.

Standard III.D.2.d

The institution practices effective oversight of finances including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

Descriptive Summary

California and federal laws are implemented in the oversight of all externally funded programs. Title V governs the college's financial aid activities. All finances, including auxiliary organizations and investments, are carefully monitored at both the college and district levels.

The first level of financial oversight begins with the budgeters, who have the duty of approving all expenses charged to their accounts. On the campuses, there are various levels of delegation and authority. Any expenditure of more than \$1000 needs approval of the appropriate vice president. The second level of oversight is Business Services at the district level. This department reviews accounting records each month to generate required reports for various governmental agencies. For example, this office supplies the data for the U. S. Department of Education's monthly, quarterly, and annual financial aid reports. Government agencies may reconcile the reports from the district and college with information provided by others, such as the students receiving financial aid.

The district maintains an auxiliary organization, the FHDA Foundation, which administers most of the donations made to the district and the colleges. Its board of directors monitors expenses that are charged directly to the Foundation budget. Many donors restrict their contributions to the Foundation for specific uses. (See section III.D.2.e for a broader discussion of auxiliary activities.)

The district's Audit and Finance Committee monitors institutional investments. (Doc. 110) District investments are managed by Business Services under the direction of the Board of Trustees.

At the college level, oversight of finances is limited to the following areas:

- Salaries and wages of full- and part-time employees and students
- Release time, stipends, and additional duty pay
- Allocation of FTEF and WSCH; the monitoring of productivity and WSCH achievements
- Operating and discretionary B budgets and expenses
- College-generated revenues, including fees, fines, contract instruction and community services, enterprise activities, grants, and categorical funds
- Foundation contributions and expenditures

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Responsibility for this oversight begins with the vice president of Finance and College Services and the director of Budget and Personnel. From there, individual program managers assume day-to-day responsibility. The vice president of Finance and College Services monitors expenditures throughout the year.

Self-Evaluation

Fifty-two percent of De Anza faculty and staff agreed or strongly agreed that the financial management system created appropriate control mechanisms. This is supported by the unqualified opinion issued by the district's external auditors. (Doc. 111) De Anza and the district have multiple levels of oversight and the mechanisms presently in place appear to be working effectively.

Planning Agenda

No recommendations at this time.

Standard III.D.2.e

All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.

Descriptive Summary

Important auxiliary activities are carried out by the FHDA Foundation, which administers donations to the district and the colleges and has 24 members. (Doc. 112) The Foundation Finance Committee reviews and evaluates fund managers for performance and prudence. As needed, the committee reallocates resources for better performance. The current fund balance is more than \$20.5 million. An executive director, an associate director, and one assistant development officer run the Foundation and are working to become self-sustaining by generating funds to cover operating budget without district financial support.

Another important area is the college Enterprise Fund, which encompasses the Bookstore, Food Services, Printing Services, and Campus Center operations. The Enterprise Fund is an \$8 million operation. (Doc. 113) The primary roles of operations in this area are to provide necessary services to students and to enhance the learning environment. Entities in the Enterprise Fund pay all of their expenses and support a key administrative position, the director of College Services.

These areas must be financially self-sustainable. The largest of these enterprises is Printing Services. Changes in demand for printed materials as a result of Web-based technology and serious reductions in the college's discretionary budgets have financially challenged this area. Responses have

included reductions in full-time permanent staff and additional proposals under consideration that would streamline operations and eliminate existing debt service.

Two other major “self-support” activities at De Anza operate with a combination of grant funding and fees. Professional and Workforce Development and the Child Development Center both serve the communities at large and are equally challenged to maintain their fiscal viability. Increasing wages and benefits and stagnant local economies are among the impacts to these activities.

“A Night of Magic” is De Anza’s annual fundraiser. (Doc. 59) Profits from this event are designated to a specific project or need on the campus. During its 12-year history, these successful events have addressed the needs of technology, the Learning Center, and the new Science Building, to name a few. De Anza also benefits from the FHDA Celebrity Forum Speakers Series. These sold out events bring the world’s best and brightest to Silicon Valley. The 2004-2005 line-up included such luminaries as Mikhail Gorbachev, Toni Morrison, Prince Edward, and Robert Reich.

The De Anza Associated Student Body (DASB) is also a major supporter of college programs that enhance student life on the campus. Their annual budget exceeds \$1million, including \$734,400 in support of college programs. (Doc. 114) Annually, DASB solicits and funds a number of requests. Their funding goals include programs that help students achieve their academic and personal goals. Further, DASB promotes diversity and equality among all students. The DASB also supports a 0.75 FTE accounting staff position for the college and a 1.0 FTE Flea Market coordinator. The Flea Market offers an opportunity for both the college and student clubs to earn additional funds. It is a popular community event held once each month on the De Anza campus, and generates about \$300,000 in gross revenue each year.

A number of grant-funded activities are coordinated and overseen by program managers, directors, and deans with the assistance of the vice president of Finance and College Services. Accounting for such funds is handled at the district and is subject to external audit and compliance standards by the governing agencies.

Self-Evaluation

The Bookstore and Printing Services have been experiencing increased competition from outside vendors that has affected their ability to be profitable or break even.

Planning Agenda

No recommendations at this time.

Standard III.D.2.f

Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.

Descriptive Summary

Sections 81655 and 81656 of the State Education Code and the Public Contract Code regulate all such contractual agreements with external entities. District Board Policies 3140 and 3143, and District Administrative Procedures AP3140 and AP3143 have been written to conform to these codes and are enforced by procedures in use by the District Materials Services and Business Services departments. The District Board policies require that all contracts and purchasing transactions shall be in writing.

The chancellor or her designee approves all contracts, and the Board of Trustees has final approval on major contracts. Designated signers in various capacities include the vice chancellor of Business Services, director of Operations, director of Purchasing, vice president of Finance and College Services, and director of College Services, and the director of Budget and Personnel. Review, modification, and eventual sign-off are done in accordance with the district's Purchasing Policies, Procedures, and Delegation guidelines.

Examples of major contractual agreements with external entities include an agreement with COMPAS (Computer Assisted Study) for services associated with the district's labs, instructional materials, specific instruction, and a wide range of computer technology support. Another example is a Joint Powers Agreement with the South Bay Regional Public Safety Training Consortium, which provides training and education programs in response to the needs of public safety agencies. These and other major contracts are all initiated, contracted, and implemented through the application of the existing policy guidelines and control procedures stated in the referenced policies.

During the past two years many major contractual agreements have been signed in support of Measure E plans and programs. (Doc. 115) This very important work is in direct response to the specific goals set as part of the institution's future plans; namely, meeting the growing educational needs of our community and enabling us to employ fiscal recourses to improve the efficiency, productivity, and accountability of the institution.

Any changes to or termination of any contractual issues, especially issues that do not meet appropriate standards of quality, or that could cause seri-

ous budgetary problems, are under the control of the same executive levels identified above.

Self-Evaluation

A review of the documentation and procedures associated with this standard indicates that the departments and individuals involved follow the provisions of established guidelines and control procedures in all efforts involving contractual matters. Contracts in place respond to the Educational Master Plan goals of the college, especially goals one, three, and four, dealing with the climate of learning, appropriate current technology, and planned growth with fiscal soundness. Contracts involving Measure E are especially evident examples of this. The process of reviewing contracts and negotiating the best terms and conditions for the college receives heavy emphasis in the process. Purchasing policies are strictly maintained. (Doc. 116)

Planning Agenda

No recommendations at this time.

Standard III.D.2.g

The institution regularly evaluates its financial management process, and the results of the evaluation are used to improve financial management systems.

Descriptive Summary

The day-to-day operations of the Financial Resources System (FRS) are monitored and evaluated by the FRS Advisory Group. The district controller chairs this committee, and the members consist of the district Accounting and Purchasing staff, the Campus Budget Analysts, and FRS programmers.

The district budget process is monitored and evaluated by the District Budget Committee. The committee is chaired by the vice chancellor of Business Services and includes representatives from each constituency of shared governance throughout the district.

By conducting periodic audits of financial statements and related data, the Audit and Finance Committee of the Board of Trustees evaluates the overall financial status of the district. The vice chancellor for Business Services brings concerns from the Audit and Finance Committee to the District Budget Committee for review and consideration. Two members of the board sit on the committee and one of them chairs the group. This committee also includes members from the community.

Standard III: Resources

At the college level, the budget process is monitored and evaluated by the Campus Budget Team. This committee is chaired by the vice president of Finance and College Services and is composed of representatives of all the college shared governance groups. (Doc. 94)

All the committees and groups noted previously provide oversight and support services to assure compliance with existing financial policies, in line with the institution's mission, goals, and Educational Master Plan. Actions undertaken by the various committees include the detailed review of financial reports comparing actual performance to budgets, the review of specific internal control procedures in place to protect assets and assure adherence to existing systems and policies and, when necessary, the analysis of the impact of budget reduction alternatives.

Self-Evaluation

The current financial system provides an effective means of keeping current on the financial status of the college. Financial reports are complete, timely, and accurate, and give a clear picture of the financial condition. (Doc. 99) Budget-to-actual comparisons are provided in great detail, assuring close control over expenditures. (Doc. 101) The financial system, while not directly impacting any of the four Educational Master Plan goals, does provide appropriate reporting of the expenditures associated with those goals. The financial reporting also provides timely information to enable quick response to any adverse budget conditions, thus preventing any serious cost or expense over-runs. The financial system also serves as a reporting system to monitor contractual matters discussed in the prior section of this report (Section III.D.2.f). By accurately tracking budget-to-actual status, the status of current spending of contractual commitments can be closely monitored.

Planning Agenda

No recommendations at this time.