***Campus Budget Accreditation Standards –***

***Writing the Narrative November 28, 2016.***

***Updates received from Bret, Teri, Keri, Mayra Susan as of 11/28/16.***

Please use your ‘chosen’ color when writing your narrative. This document should already be formatted with the correct color but please check!

**Susan & Pippa = Green**

**Bret & Teri = Red**

**Susan & Mayra = Orange**

**Keri & Rob = Purple**

**Bret = Brown**

**Pam & Paula = Pink**

**Standard III: Resources**

The institution effectively uses its human, physical, technology, and financial resources to achieve its mission and to improve academic quality and institutional effectiveness. Accredited colleges in multi-college systems may be organized so that responsibility for resources, allocation of resources, and planning rests with the district/system. In such cases, the district/system is responsible for meeting the Standards, and an evaluation of its performance is reflected in the accredited status of the institution(s).

**III.D Financial Resources**

**Planning**

**III.D.1 Susan & Pippa = Green**

**III.D.1 Financial resources are sufficient to support and sustain student learning programs and services and improve institutional effectiveness. The distribution of resources supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. (ER 18)**

III.D.1.Q1 Does it have sufficient revenues to support educational improvement and innovation?

III.D.1.Q2 Are the institution's finances managed with integrity in a manner that ensures financial stability?

III.D.1.Q3 Does the resource allocation process provide a means for setting priorities for funding institutional improvements?

III.D.1.Q4 Are institutional resources sufficient to ensure financial solvency?

III.D.1.Q5 Does the institution's budget provide sufficient resources for the effective planning, maintenance, implementation and enhancement of DE courses, programs and services, as well as personnel development?

**Description**

De Anza College is committed to maintaining sufficient resources to support and sustain learning programs and services, as well as ensuring that the distribution of resources supports the development, allocation and reallocation, and enhancement of its programs and services with integrity and financial stability. It embodies this commitment by using its mission and goals as the foundation for financial planning as detailed in its Educational Master Plan 2015-2020. This guiding document provides an equity-driven framework for the De Anza College decision-making process by reinforcing the practice of continuous reflection and improvement in budget and planning, which drives the shared governance process providing input to the budget decisions. The document clearly identifies the campus missions and related goals for developing a governance and budget process that is inclusive, transparent, open and understandable. (1)

Unfortunately the district and campus have been experiencing a downturn in its FTES (full time equivalent students). (2) Potential causes for the reduction have been attributed to the economic downturn and resulting cut in funding, changes in the repeatability eligibility and the withdrawal from several instructional service agreements. NEED EVIDENCE As a result, the district has been in stabilization for several years. Efforts continue to increase attendance, including and not limited to more focus on distance education courses, analyzing the institutional data to see if particular groups or instructional areas are in a decline, etc. (13, 14)

The college has sufficient resources to support educational improvement and innovation. Attention to resource allocation starts at the district level with revenue and expense assumptions clearly stated and developed in the budget approved by Board with most attention focused on the unrestricted general fund. (2) These resources originate from many different sources such as apportionment, grants, fundraising, student activities and self-sustaining units. (1) Using its mission, goals and Educational Master Plan, the college is responsible for allocating its portion of unrestricted general fund, grants, bond measures and other monies generated by various activities on campus. To manage the challenges posed by state funding to the district in the last decade, including categorical budget cuts and workload reductions, the various shared governance groups on campus have worked cooperatively to allocate funds to best meet the needs of student learning and programs. (3) As part of this planning process, a conscious decision has been made to use existing reserves to make up for shortfalls in revenue (4). To supplement state funding, the campus has supported the district in passing two General Obligation bonds, has strengthened the grants office, and has established numerous partnerships with business and industry. NEED EVIDENCE (III.D.1 Q1).

The institution’s finances are managed with integrity in a manner that ensures financial stability. The campus has a long history of transparency regarding financial information to all account holders through shared governance information sharing and advisory committees. (5) In 2009, the Banner enterprise resource system was implemented to enhance research, financial transparency and student access. This state of the art information technology system provides enhanced financial access and query abilities, including fiscal analysis and projections. NEED EVIDENCE Annual and quarterly reports are presented to the Campus Budget and College Council to update constituency groups on the status of unrestricted funding. (6) Annual plans and reports for grants such as SSSP (Student Success and Support Program) and Equity are available on the public website. (7) Campus financial information is also available through district documents such as the Adopted Budget, annual audit and quarterly reports. (8) Internal controls are a key component of ensuring that public funds are being used effectively and there are many policies in place to ensure that standards are being met. (9) The BP 3000 directs designated employees to adhere to certain policies, including internal controls, that will ensure financial stability and integrity (10) (III.D.2 Q2)

The resource allocation process provides a means for setting priorities for the funding of institutional improvements. As a multi-college district, after allocation of salaries, benefits and district wide costs such as audit, utilities and insurance, unrestricted funds are distributed to the campuses based on the average FTES (full-time equivalent student) generated by each campus. Grants may be issued by the state based on either actual campus performance (SSSP/Equity) or at the District level (Instructional Equipment/Scheduled Maintenance) with FTES estimated allotment. Campuses also generate some revenue at the local site, through fundraising or other campus level activities. The campus has control over the allocation of the unrestricted funding of its “B” budget; non-permanent salary/benefits costs, supplies, services and capital outlay, which is approved through the shared governance process as guided by the Educational Master Plan. (4) Program Plans, a self-assessment performed by each department on campus, identify current and future needs and are used to assess, rank and recommend funding as resources become available. (11) Depending on the program requirements, grant and self-generated funds are allocated as appropriate. (7) (III.D.1 Q3) NEED TO CREATE CAMPUS RESOURCE ALLOCATION MODEL

Institutional resources are sufficient to ensure financial solvency. Reserve balances are kept both the district and campus levels to cover unexpected expenses or reductions in income. (2), (4) In the past when expense cuts have become inevitable, the campus has implemented a comprehensive and shared process to identify and implement cost reduction strategies. (3) The planning and budget teams of each division have program reviews processes established to ensure that funds are being used, and continue to be used, in the most effective and efficient manner. (III.D.1 Q4)

The institution’s budget provides sufficient resources for the effective planning, maintenance, implementation and enhancement of DE courses, programs and services as well as personnel development. While De Anza has historically focused on traditional on campus students, with improved technology and changing demand, distance education is becoming an important part of the college fabric. The college recently submitted a Substantive Change Proposal to expand the number of degrees and certificates being offered with more than 50% of online courses at the institution. As part of this proposal the required supporting services were reviewed by both the Dean of Learning Resources and the Institutional Research Office. It showed that the college has “steadily ramped up equitable student services, developed automated processes within the course management system, and has continued to provide regular trainings and instructional design support for online courses. In addition, the Online Education Center has continued to hold Online Advisory Group meetings and conducts regular communication with faculty who teach online.” (14) FOLLOW UP WITH LORRIE (III.D.1 Q5)

**Evaluation**

The college meets this standard. The institution regularly evaluates its resources and the effectiveness of the allocation process. It has processes in place to deal with significant changes in funding levels, both decreases and increases, as well as methods to determine which departmental areas will most benefit from changes in funding. Planning includes long term assessment of fiscal solvency and reserves to accommodate any sudden changes in funding levels.

**Action Plan**

No action plan is required.

**Evidence for Standard III.D.1**

1. Educational Master Plan (<http://www.deanza.edu/ir/state-of-the-college-related-information/pdf/EMP2015-2020_3-11-16.pdf>)
2. Adopted Budget ([http://www.boarddocs.com/ca/fhda/Board.nsf/files/A225GN103409/$file/15-16%20Adopted%20Budget.pdf](http://www.boarddocs.com/ca/fhda/Board.nsf/files/A225GN103409/%24file/15-16%20Adopted%20Budget.pdf))
3. Campus Budget Archive Files – PBT draft reduction files (<http://www.deanza.edu/gov/campus_budget/resources.html>)
4. B Budget Standardization Presentation (<http://www.deanza.edu/gov/campus_budget/pdf/2015_16_B_Budget_Standardization_Oct2015.pdf>)
5. Shared Governance Website (<http://www.deanza.edu/gov/>)
6. Example of financial information presented to College Council: (<http://www.deanza.edu/gov/college_council/notes/CCMins_06_09_16.html>)
7. SSSP-Equity home page (<http://www.deanza.edu/sssp_equity/>)
8. District financial information (<http://business.fhda.edu/financial-reports/index.html>)
9. District Business home page (<http://business.fhda.edu/>)
10. BP 3000 (<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTLNL57597E>)
11. IPBT Program Reviews (<http://www.deanza.edu/gov/IPBT/program_review_files.html>)
12. IPBT Home Page (<http://www.deanza.edu/gov/IPBT/instructionalbudget.html>)
13. Institutional Research and Planning Home Page (<http://www.deanza.edu/ir/>)
14. Substantive Change Proposal (<http://www.deanza.edu/accreditation/Substantive_Change_Proposal_to_Board.pdf>)

**III.D.2 Susan & Pippa = Green**

**III.D.2 The institution’s mission and goals are the foundation for financial planning, and financial planning is integrated with and supports all institutional planning. The institution has policies and procedures to ensure sound financial practices and financial stability. Appropriate financial information is disseminated throughout the institution in a timely manner.**

III.D.2.Q1 Does the institution review its mission and goals as part of the annual fiscal planning process?

III.D.2.Q2 Does the institution identify goals for achievement in any given budget cycle?

III.D.2.Q3 Does the institution establish priorities among competing needs so that it can predict future funding? Do institutional plans exist, and are they linked clearly to financial plans, both short-term and long-range?

III.D.2.Q4 Does the financial planning process rely primarily on institutional plans for content and timelines?

III.D.2.Q5 Can the institution provide evidence that past fiscal expenditures have supported achievement of institutional plans?

III.D.2.Q6 Does the governing board and other institutional leadership receive information about fiscal planning that demonstrates its links to institutional planning?

III.D.2.Q7 What is the ending balance of unrestricted funds for the institution's immediate past three years? Is this amount sufficient to maintain a reserve needed for emergencies?

III.D.2.Q8 How does the institution receive its revenues? Does this receipt pose cash flow difficulties for the college? If so, how does the college address cash flow difficulties? (e.g., Certificates of Participation (COPS), loans)?

III.D.2.Q9 Has the institution sufficient insurance to cover its needs? Is the institution self-funded in any insurance categories? If so, does it have sufficient reserves to handle financial emergencies?

**Description**

The institution reviews its mission and goals (1) as part of the annual fiscal planning process. The college has several plans that incorporate its mission statement as an integral part of the planning process, including the Educational Master Plan (2), Facility Master Plan (3), and Technology Plan (4). In addition, the campus Planning Quilt includes an evaluation of both the mission and goals as part of its ongoing process (5). As part of its annual planning process, each shared governance group reflects upon its activities during the year, including how their work assisted in furthering the mission and goals of the college (11). (III.D.2.Q1)

The institution identifies goals for achievement throughout its budget cycle. The annual budget has established goals in place as a guide for the evolution of district wide budgeting (9). As detailed in the Planning Quilt (5), the program review process allows various campus departments and divisions to analyze their services, accomplishments and needs and determine what is needed to continue to provide exemplary service to students, faculty and staff (6, 7, 8). Institutional metrics have been established to assist the campus in identifying and tracking various important metrics that will allow it to evaluate the effectiveness of the services and instruction that it offers to its students. (10) (III.D.2.Q2)

The institution establishes priorities amongst competing needs so that it can predict future funding needs. Institutional plans, such as the Educational Master Plan, Facility Plan and Technology Plan exist and are clearly linked to financial plans both short-term and long-range. (2, 3, 4) Some specialized funding, such as the Equity and Student Success and Support Program (SSSP), require stand-alone plans that need to meet the goals and mission of the college while still addressing the requirements of the funding. (12) The three main divisions on campus, Instruction, Student Services and Finance & College Operations, each have planning and budget teams that review, rank and prioritize funding needs, current and future, within each of the different areas. (6, 7, 8) (III.D.2.Q3)

The financial planning process primarily relies on institution plans for content and timelines. The college has several plans that incorporate its mission statement as an integral part of the planning process, including the Educational Master Plan (2), Facility Master Plan (3), and Technology Plan (4). In addition, the campus Planning Quilt includes an evaluation of both the mission and goals as part of its ongoing process (5). These documents drive the decision-making process of the various shared governance groups on campus. (III.D.2.Q4)

The institution provides evidence that past fiscal expenditures have supported the achievement of institutional plans. (III.D.2.Q5)

The governing board and other institutional leadership receive information about fiscal planning that demonstrates its link to institutional planning. The Board of Trustees reviews and accepts the campus’ Educational Master Plan, Facility Plan and Technology Plans. (2, 3, 4) In addition, the Board, as well as the Audit and Finance Board Subcommittee, is given a fiscal overview as part of both the Tentative (13) and Adopted Budget (9) approval processes. In addition, the district performs a fiscal self-assessment to review the various fiscal and internal control components related to the fiscal health of the district. (15) The Board has also received updates specifically directed toward the use and accomplishments of the Equity and SSSP funding (14). (III.D.2.Q6)

The ending balance of unrestricted funds for the institution’s immediate past three years is sufficient to maintain a reserve needed for emergencies. The District has both a district wide as well as a campus carryforward balance that can be used to mitigate emergency needs.

The following are the District General Fund balance as a percent of total expenses:

|  |  |
| --- | --- |
| Fiscal Year | District Actual |
|  |  |
| 2012/13 | 29.60% |
| 2013/14 | 28.70% |
| 2014/15 | 30.00% |

The campus is allowed to carry an unrestricted general fund carryforward balance that is a subset the district balance:

|  |  |  |
| --- | --- | --- |
|  |  | De Anza Unrestricted Carryforward Balance |
| FY14/15 | 7/1/14 | $5,100,000  |
| FY15/16 | 7/1/15 | $5,400,000  |
| FY 16/17 | 7/1/16 | $5,400,000  |

(III.D.2.Q7)

The institution primarily receives it revenue from state apportionment. As noted in the fiscal self assessment document presented to the Board of Trustees, the district does not have cash flow difficulties. The district has experienced a positive cash flow over the past five years and has not borrowed funds through a TRANS since FY1996/97. (15) (III.D.2.Q8)

The institution has sufficient insurance to cover its needs in the categories of liability, property and workers compensation. It is not self-funded in any insurance categories and due to its high level of reserves has sufficient reserves to handle financial emergencies. (III.D.2.Q9)

**Evaluation**

**Evidence for Standard III.D.2**

**III.D.3 Bret & Teri = Red**

**III.D.3 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.**

III.D.3.Q1 Where or how are the processes for financial planning and budget recorded and made known to college constituents?

III.D.3.Q2 What mechanisms or processes are used to ensure constituent participation in financial planning and budget development?

**Description**

The processes for financial planning and budget for the District are included in Board of Trustees policies. These policies include (1), BP 3000 Principals of Sound Management that establishes responsible stewardship of available resources and fiscal planning that involves constituency input; (2) BP 3100 Budget Preparation states that “in accordance with Title 5 regulations, the tentative budget shall include estimated income and proposed expenditures in sufficient detail to permit comparisons between the proposed budget and the actual revenues and expenses in the current year,” and (4) BP 3110 Final Budget, this policy reflects that “on or before September 15 each year the Board of Trustees shall adopt a final budget for the fiscal year. The final budget shall reflect all relevant provisions in the state budget act, closing balances from the prior year and changes identified following approval of the tentative budget.” Budget documents including the Tentative Budget (3) and the Adopted (Final) Budget (5) are presented to the Board of Trustees for approval at times established by BP 3100 and BP 3200. The processes are made known to De Anza College through the Finance and College Operations Planning and Budget Team during the presentation of the budget documents (7), Campus Budget Committee (8), and College Council (Need link to College Council). (III.D.3Q1).

De Anza College has processes to insure constituent participation in financial planning and budget development. BP 3000 states “the budgets are shared with constituency groups including student representatives.” (1). Through De Anza College’s shared governance process, all constituencies may participate in the development of the De Anza Campuses General Fund discretionary budget and budget and program plans related to the restricted programs including SSSP (Student Success and Support Program) and Student Equity. (7, 8, 9, 10), (III.D.3Q2).

**Evaluation**

The college meets this standard.

**Evidence for Standard III.D.3**

1. BP 3000 Principles of Sound Fiscal Management

<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTLNL57597E>

2. BP 3100 Budget Preparation

<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTM6J59B51B>

3. Approval of the 2016/17 Tentative Budget

<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=AAE9VB24CFC9>

4. BP 3110 Final (Adopted) Budget

<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTMEN5A6F0A>

5. Approval of the 2016/17 Adopted Budget

http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=ADER2A6BD9D6

6. District Budget Reports

<http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>

7. Finance and College Operations Planning & Budget Team

<http://www.deanza.edu/gov/ERCOPBT/agendas/FCOPBTAgenda10_21_16.html>

8. Campus Budget Committee

<http://www.deanza.edu/gov/campus_budget/notes/CBTNotes_11_01_16.html>

9. B Budget Standardization Plan

http://www.deanza.edu/gov/ERCOPBT/agendas/FCOPBTAgenda\_10\_09\_15.html

http://www.deanza.edu/gov/ERCOPBT/pdf/2015\_16\_B\_Budget\_Standardization\_FPBT\_Oct2015.pdf

10. FCOPBT Equity Plan Presentation & B Budget for Finance and College Operations

http://www.deanza.edu/gov/ERCOPBT/notes/FCOPBTNotes\_11\_13\_15.html

***Fiscal Responsibility and Stability***

**III.D.4 Susan & Mayra = Orange**

**III.D.4 Institutional planning reflects a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.**

III.D.4.Q1 Do individuals involved in institutional planning receive accurate information about available funds, including the annual budget showing ongoing and anticipated fiscal commitments?

III.D.4.Q2 Does the institution establish funding priorities in a manner that helps the institution achieve its mission and goals? Are items focused on student learning given appropriate priority? What other documents are used in institutional planning?

**Description**

Individuals involved in institutional planning receive accurate information about available funds, including the annual budget, showing ongoing and anticipated fiscal commitments. The District presents the Tentative and Adopted Budgets for all funds to the Board of Trustees (1), as well as the Audit and Finance Committees (1) and District Budget Committee (2). The information includes a presentation given by the Vice Chancellor of Business Services. At the campus level, the district-wide budgets are addressed in the Campus Budget and College Council meetings, as well as the Academic and Classified Senates (10, 11) and at the Planning and Budget Teams (5, 6, 7).

Quarterly reports assessing the actual expenses versus budgeted forecasts for the District are prepared and presented to the Board, district and campus personnel (10). The District also performs a fiscal self-assessment that evaluates the fiscal health of the district and shares that information with various groups on campus including the Board of Trustees and District Budget Committee. (15)

The campus is responsible for allocating and monitoring grant, self-sustaining, enterprise and the unrestricted “B” Campus personnel are updated on the needs and status of its campus level or “B” budget that covers supplies, services, capital assets and non-permanent salaries on a quarterly basis through both the Campus Budget and College Council meetings (3, 4). Planning for special grant funding, such as SSSP and Equity grants, are approved through the shared governance process (9). In the past several years, the campus has made a conscious and informed decision to use the campus carryforward balance to fund needed expenses (8). The shared governance process was integrally involved in the process and continues to be updated on the effect of the deficit spending moving forward (3, 4).

On an individual basis, appropriate personnel have access to the financial information needed for their respective areas. There are several methods for accessing this information, including Banner Self Service, Argos Reports and monthly reports distributed by campus accounting personnel. In particular grants are assisted by both district and campus staff in creating budgets and forecasting expenditures and revenue needs. (III.D.4.Q1)

The College is focused on student learning. The success of students is the primary focus with emphasis given to programs and services that support student learning. The College is committed to equity and to closing the achievement gap. To achieve the mission and goals, De Anza establishes funding priorities. The College has a planning cycle <http://www.deanza.edu/ir/planning/> reviewed by the College Planning Committee and College Council. The Planning Committee works with the Planning and Budget teams to review and guide planning. <http://www.deanza.edu/gov/ERCOPBT/> <http://www.deanza.edu/gov/IPBT/> <http://www.deanza.edu/gov/SSPBT/index.html> Funding allocations and priorities are reviewed by the Campus Budget Team and recommendations are presented to College Council. <http://www.deanza.edu/gov/campus_budget/index.html> The campus budget is reassessed for changes including additional available resources, and or adjustments based on organizational reductions. The College resource allocation model establishes the approach to resource allocation. The approach includes the review of the prior year base, the district model, the identification of uncontrolled costs, the identification of the college needs, and productivity.

A number of documents are used in institutional planning. The College’s Program Review process establishes the areas for growth and improvement of programs and services. The budget reports provide the data for the ongoing refining and adjustment of resources needed by the College. College plans such as the Student Equity, Student Success & Services, and the Basic Skills plans are monitored for resources needed. <http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>

<http://www.deanza.edu/sssp_equity/equity_info.html> <http://www.deanza.edu/sssp_equity/sssp_info.html> <http://www.deanza.edu/dare/> (III.D.4.Q2)

**Evaluation**

**Evidence for Standard III.D.4**

1. September 2016 Board Agenda and Minutes: <http://www.boarddocs.com/ca/fhda/Board.nsf/Public>
2. District Budget Advisory Committee: <http://www.fhda.edu/_about-us/_participatorygovernance/C-budget-advisory-committee.html>
3. Campus Budget Website: <http://www.deanza.edu/gov/campus_budget/>
4. College Council Website: <http://www.deanza.edu/gov/college_council/>
5. Finance and College Operations Planning and Budget Team: <http://www.deanza.edu/gov/ERCOPBT/>
6. Instructional Planning and Budget Team: <http://www.deanza.edu/gov/IPBT/>
7. Student Services Planning and Budget Team; <http://www.deanza.edu/gov/SSPBT/index.html>
8. B Budget Standardization Presentation: <http://www.deanza.edu/gov/campus_budget/pdf/2015_16_B_Budget_Standardization_Oct2015.pdf>
9. SSSP and Equity website: <http://www.deanza.edu/sssp_equity/>
10. Academic Senate: <http://www.deanza.edu/gov/academicsenate/>
11. Classified Senate: <http://www.deanza.edu/gov/classifiedsenate/>
12. Banner Finance User Guide: <http://business.fhda.edu/accounting/user-training-guides.html>
13. Annual and Quarterly Financial Reports: <http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>
14. Annual Financial Statements: <http://business.fhda.edu/financial-reports/index.html>
15. Fiscal Self Assessment: <https://www.fhda.edu/_about-us/_board/_Highlights02.09.15.pdf>

**III.D.5 Keri & Rob = Purple**

**III.D.5 To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. The institution regularly evaluates its financial management practices and uses the results to improve internal control systems.**

III.D.5.Q1 Are funds allocated, as shown in the budget, in a manner that will realistically achieve the institution's stated goals for student learning?

III.D.5.Q2 What do the audit statements say about financial management?

III.D.5.Q3 Is the institutional budget an accurate reflection of institutional spending and does it have credibility with constituents?

III.D.5.Q4 Are audit findings communicated to appropriate institutional leadership and constituents?

III.D.5.Q5 Does the institution have an annual external audit to provide feedback on its processes?

III.D.5.Q6 Does the institution review the effectiveness of its past fiscal planning as part of planning for current and future fiscal needs?

**Description**

De Anza College adheres to a shared governance process that assures that funds are allocated in a manner that will realistically achieve the institution’s stated goals for student learning. All constituent members of the college community are represented on the three Planning and Budget teams, through representatives from their respective groups ([www.deanza.edu/gov](http://www.deanza.edu/gov), <http://deanza.edu/gov/IPBT> , <http://deanza.edu/gov/SSPBT> , [www.deanza.edu/gov/ERCOPBT](http://www.deanza.edu/gov/ERCOPBT) ). The Campus Budget Committee makes resource allocation recommendations to College Council, supports prudent budget management, and identifies budget needs on campus. Its members are representatives from each of the constituent groups at the College. (<http://deanza.edu/gov/campus_budget> ) The District’s guiding documents – The mission statement and institutional core competencies, strategic initiatives, educational master plan, program reviews, and learning outcomes – guide the governance and budgeting process. (III.D.5.1)

In the annual financial audit completed June 30, 2015, it is stated: “In our opinion, the financial statements referred to above present fairly, in all materials respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate determining fund information of the District as of June 30, 2015, and the respective changes in the position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America”. The financial management of the college is secure. The most recent audit did not identify any deficiencies in internal control over compliance, and found that the District “complied, in all material respects, with the compliance requirements” in the California Community Colleges Chancellor’s Office *District Audit Manual.* (<http://business.fhda.edu/financial-reports/index.html>) (III.D.5.2)

The institutional budget reflects planning and decision making of the District, Campus Budget Committee, and Planning and Budget Teams. It accurately reflects the actual institutional spending. The annual adopted budget and quarterly reports are posted publicly to the FHDA website for review by any interested party (<http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>). Chapter 6 of the Foothill-De Anza District board policy manual governs the College’s fiscal management practices ([http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9U5PUR6583E5#](http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9U5PUR6583E5)). (III.D.5.3)

The Board of Trustees and the Audit and Finance Committee communicate audit findings to institutional leadership and constituents (<http://www.fhda.edu/_about-us/_board/audit-and-finance-committee/>). The Board reviews the annual audit at a regular public Board meeting and directs the administration to make any appropriate responses to it ([http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9U5PUR6583E5#](http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9U5PUR6583E5))Audit reports are available online (<http://business.fhda.edu/financial-reports/index.html>). (III.D.5.4)

The institution has an annual external audit to provide feedback on its processes. (<http://business.fhda.edu/financial-reports/index.html>) (III.D.5.5)

The institution reviews the effectiveness of its past financial planning as part of current and future planning. The Planning and Budget Teams and their constituents conduct program reviews, administrative unit outcome assessments and continuous self-improvement studies as well as annual assessment of institutional effectiveness indicators to make fiscal decisions, which include past budgeting information (<http://www.deanza.edu/ir/planning/>). FTES targets also drive financial planning in the next year. (III.D.5.6)

**Evaluation**

De Anza College meets this standard. The shared governance process of the College assures that funds are allocated in a manner that aligns with its mission and educational master plan, and that the College budget processes are accountable to the constituent groups on campus and in the District. The annual audit statements show that the financial management of the District is secure. Annual budget information, quarterly reports, and annual audits are freely available online for review by any interested party, and are also communicated to institutional leadership and constituents. The Board of Trustees also reviews the annual audit at a regular public Board meeting. As part of current and future planning, the PBTs at the College and their constituents conduct program reviews, administrative unit outcome assessments and continuous self-improvement studies to evaluate its financial management practices.

**Evidence for Standard III.D.5**

1. De Anza College Governance Website: <http://www.deanza.edu/gov/>
2. Instructional Planning and Budget Team website: <http://deanza.edu/gov/IPBT/>
3. Student Services Planning and Budget Team website: <http://deanza.edu/gov/IPBT/>
4. Educational Resources and College Operations Budget Team website: <http://www.deanza.edu/gov/ERCOPBT/>
5. Campus Budget Team website: <http://deanza.edu/gov/campus_budget/>
6. District website: Audited Financial Statements: <http://business.fhda.edu/financial-reports/index.html>
7. District website: Annual Budget and Quarterly Reports: <http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>
8. Board Policies: <http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>
9. Audit and Finance Committee website: <http://www.fhda.edu/_about-us/_board/audit-and-finance-committee/>
10. De Anza College Institutional Planning website: <http://www.deanza.edu/ir/planning/>

**III.D.6 Susan & Pippa = Green**

**III.D.6 Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.**

III.D.6.Q1 Are funds allocated, as shown in the budget, in a manner that will realistically achieve the institution's stated goals for student learning?

III.D.6.Q2 What do the audit statements say about financial management?

III.D.6.Q3 Does the institution provide timely corrections to audit exceptions and management advice?

III.D.6.Q4 Is the institutional budget an accurate reflection of institutional spending and does it have credibility with constituents?

III.D.6.Q5 Are audit findings communicated to appropriate institutional leadership and constituents?

**Description**

Funds are allocated, as shown in the budget, in a manner that will realistically achieve the institution’s stated goals for student learning. The Mission Statement (3) and values, as well as the Educational Master (4), Facility Plan (5) and Technology (6) Plans are the guiding documents for the campus and all resource allocation ties back to meeting the goals and objectives described in those documents. Specifically designated funds, such as SSSP and Equity have guiding documents that specify their spending and planning. Self-sustaining and enterprise funds are responsible for maintaining services while keeping within a budget that will meet their revenue generation.

 (III.D.6.Q1)

The audit statements state that the district financial statements “present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate determining fund information of the District as of June 30, 2015, and the respective changes in financial

position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.” (III.D.6.Q2)

The institution provides timely corrections to audit exceptions and management advice. In general, the campus has few audit statements over the last few years. Due to staffing issues, there was only one duplicate finding for financial aid that took two years to implement an effective solution. (2) (III.D.6.Q3)

The institutional budget is an accurate reflection of institutional spending and has credibility with its constituents. All financial reports are issued and reviewed to ensure that appropriate allocation and use of financial resources is being employed by the college. The Audit and Finance Committee of the Board of Trustees oversees the district budgeting processes and reviews the annual budget, audit statements, 311, bond reports, financial self assessment and any other applicable financial information. (7) The district also engages the services of an independent certified public accounting firm to perform annual audits of the district’s financial statements, including Foothill-De Anza Community College District, Foothill-De Anza Foundation and the Measure C General Obligation Bond Program. (8) ) (III.D.6.Q4)

Audit findings are communicated to appropriate institutional leadership and constituent groups. Annual audits are presented to all oversight committees including the Board, Audit and Finance Committee (7) and Citizen’s Bond Oversight Committee (9). The final audit report is reviewed and accepted by the Board of Trustees. (10) In addition, the audits are presented to the Campus Budget (11) and College Council (12) shared governance bodies at the college level. (III.D.6.Q5)

**Evaluation**

**Evidence for Standard III.D.6**

1. FY14/15 Financial Audit Statements: <http://business.fhda.edu/_downloads/FHDACCDAuditedFY1415final.pdf>
2. ACCJC Report (page 3): <http://www.deanza.edu/accreditation/pdf/2016_ACCJC%20Annual%20Fiscal%20Report.pdf>
3. De Anza College Mission Statement: <http://www.deanza.edu/about/missionandvalues.html>
4. De Anza College Education Master Plan (page 3): <http://www.deanza.edu/ir/state-of-the-college-related-information/pdf/EMP2015-2020_3-11-16.pdf>
5. De Anza Facility Master Plan (page 120): [http://www.boarddocs.com/ca/fhda/Board.nsf/files/AD49BP21AD3B/$file/Foothill-DeAnza\_FMP2016\_FinalDraft\_20160819.pdf](http://www.boarddocs.com/ca/fhda/Board.nsf/files/AD49BP21AD3B/%24file/Foothill-DeAnza_FMP2016_FinalDraft_20160819.pdf)
6. De Anza Technology Plan (page ?? – ): Need to add link when final approved
7. Audit and Finance Committee: <http://www.fhda.edu/_about-us/_board/audit-and-finance-committee/>
8. Annual Financial Statements: <http://business.fhda.edu/financial-reports/index.html>
9. Citizen’s Bond Oversight Committee: <http://measurec.fhda.edu/>
10. Board Documents: <http://www.boarddocs.com/ca/fhda/Board.nsf/Public>
11. Campus Budget: http://www.deanza.edu/gov/campus\_budget/
12. College Council: http://www.deanza.edu/gov/college\_council/

**III.D.7 Keri & Rob = Purple**

**III.D.7 Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.**

III.D.7.Q1 What information about budget, fiscal conditions, financial planning, and audit results is provided throughout the college? Is this information sufficient in content and timing to support institutional and financial planning and financial management?

III.D.7.Q2 Does the institution provide timely corrections to audit exceptions and management advice?

III.D.7.Q3 Has the institution received any audit findings or negative reviews during the last six years? Have these been addressed in a timely manner?

**Description**

An annual budget, quarterly reports, and the annual audit are uploaded and available on the District website (<http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>) (<http://business.fhda.edu/financial-reports/>). The information is made available in a timely manner. A summary of the college budget is reported to the Campus Budget Committee. The budget is presented to the Board of Trustees, the Audit and Finance Committee, the CBOC [? I don’t know what this acronym stands for], and the District Budget Committee. Campus-level reports are made to budget managers, applicable staff, and constituency groups. (III.D.7.1)

The institution provides timely corrections to audit exceptions when they exist. Audit findings in fiscal year 2012/13 were addressed; there were no exceptions in fiscal years 2013/14 or 2014/15 (<http://business.fhda.edu/financial-reports/>). (III.D.7.2)

In the last six years, the institution has had the following audit findings:

* FY 10/11: (1) Student Financial Aid Cluster, Pell Grant- Internal control over compliance; (2) Concurrent enrollment; (3) State general apportionment funding and (4) TBA hours
* FY 11/12: (1) Student Financial Aid Cluster, Pell Grant- Internal control over compliance; and (2) Instructional Material Fees
* FY 12/13: (1) Student Financial Aid Cluster, Pell Grant- Internal control over compliance
* FY 13/14: None
* FY 14/15: None
* FY 15/16: TBD

With the exception of the Student Financial Aid cluster, all audit findings were addressed immediately. The outstanding exception was due to a change system process of R2T4 and in leadership in the Financial Aid Department that delayed the implementation of a long term solution. Funds were returned, but not all according to timelines. (<http://business.fhda.edu/financial-reports/>) (III.D.7.3)

**Evaluation**

De Anza College meets this standard. Budget and audit information are freely available to any interested parties through the District website, and is disseminated to campus and District constituency groups. Audit exceptions are addressed in a timely manner when they occur.

**Evidence for Standard III.D.7**

1. District website: Annual Budget and Quarterly Reports <http://business.fhda.edu/budget/annual-budget-and-quarterly-report.html>
2. District website: Audited Financial Statements <http://business.fhda.edu/financial-reports/>

**III.D.8 Bret = Brown**

**III.D.8 The institution’s financial and internal control systems are evaluated and assessed for validity and effectiveness, and the results of this assessment are used for improvement.**

III.D.8.Q1 Are the institution's special funds audited or reviewed by funding agencies regularly?

III.D.8.Q2 Do the audits demonstrate the integrity of financial management practices?

III.D.8.Q3 Are expenditures from special funds made in a manner consistent with the intent and requirements of the funding source? Are bond expenditures consistent with regulatory and legal restrictions?

III.D.8.Q4 Does the institution review its internal control systems on a regular basis? Does the institution respond to internal control deficiencies identified in the annual audit in a timely manner?

**Description**

**Evaluation**

**Evidence for Standard III.D.8**

**III.D.9 Susan & Pippa = Green**

**III.D.9 The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.**

III.D.9.Q1 What is the level of the institution’s unrestricted fiscal reserve?

**Description**

As of June 30, 2016, the institution’s unrestricted fiscal reserve balance was $57,919,372. (1) The campus’ portion of this reserve was $5,400,000. (2) This reserve is more than sufficient to meet its ongoing needs and any emergencies. (III.D.9.Q1)

WILL NEED TO UPDATE WITH CURRENT INFORMATION PRIOR TO VISIT

**Evaluation**

**Evidence for Standard III.D.9**

1. FY15/16 Adopted Budget: [http://www.boarddocs.com/ca/fhda/Board.nsf/files/ADEN5K5E43BD/$file/16-17%20Adopted%20Budget%20Slides.pdf](http://www.boarddocs.com/ca/fhda/Board.nsf/files/ADEN5K5E43BD/%24file/16-17%20Adopted%20Budget%20Slides.pdf)
2. B Budget Presentation (To be given – not completed yet)

**III.D.10 Susan & Mayra = Orange**

**III.D.10 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.**

III.D.10.Q1 What processes does the institution use to assess its use of financial resources?

III.D.10.Q2 How does the institution demonstrate compliance with Federal Title IV regulations and requirements? (Federal Regulation)

III.D.10.Q3 How does the institution ensure that it assesses its use of financial resources systematically and effectively?

III.D.10.Q4 How does the institution use results of the evaluation as the basis for improvement?

**Description**

The institution assesses its use of financial resources. Every year the annualized district budget is review and approved by the Board of Trustees (2) and Audit and Finance Committee (1). Both the district budget and the applicable amounts of the campus’ discretionary unrestricted “B” budget and any grant funding requiring college wide approval are distributed and reviewed through the shared governance process and forwarded to College Council for review and approval (3, 4). In addition, each division area, Instructional, Student Services and Finance & College Operations review and update their program plans to reflect accomplishments, current status and future needs. (5, 6, 7) (III.D.10.Q1)

The institution demonstrates compliance with Federal Title IV regulations and requirements by . (III.D.10.Q2)

The institution ensures that it assesses its use of financial resources systematically and effectively (III.D.10.Q3)

The institution uses the results of the evaluation as the basis for improvement. The institutional evaluation process is directly linked to the planning cycle. <http://www.deanza.edu/ir/planning/planning_files/Planning_QuiltWDetails.pdf> When funds become available, division deans work collaboratively with faculty to determine wishes and needs based on the results of the annual program review plans and updates. The annual program review includes outcomes, institutional competencies and instructional metrics assessment. The list of requests is prepared and submitted to Planning and Budget teams. The Planning and Budget teams discuss and prioritize projects to be funded. <http://deanza.edu/ir/program-review.13-14.html> <http://www.deanza.edu/gov/ERCOPBT/ProgReviews.html> <http://www.deanza.edu/gov/SSPBT/ProgramReview.html> <http://www.deanza.edu/gov/IPBT/>

The College’s institutional priorities requiring additional resources are addressed in collaboration with the Foothill/De Anza College Foundation <https://foundation.fhda.edu/> (III.10.Q4)

**Evaluation**

**Evidence for Standard III.D.10**

1. Audit and Finance Committee: <http://www.fhda.edu/_about-us/_board/audit-and-finance-committee/>
2. Board Documents: <http://www.boarddocs.com/ca/fhda/Board.nsf/Public>
3. Campus Budget: http://www.deanza.edu/gov/campus\_budget/
4. College Council: http://www.deanza.edu/gov/college\_council/
5. IPBT Program Reviews (<http://www.deanza.edu/gov/IPBT/program_review_files.html>)
6. Student Services Program Review: <http://www.deanza.edu/gov/SSPBT/ProgramReview.html>
7. Finance and College Operations Program Review: <http://www.deanza.edu/gov/ERCOPBT/ProgReviews.html>

***Liabilities***

**III.D.11 Bret & Teri = Red**

**III.D.11 The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. When making short-range financial**

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

III.D.11.Q1 What evidence of long-term fiscal planning and priorities exits?

III.D.11.Q2 Does the institution have plans for payments of long-term liabilities and obligations, including debt, health benefits, insurance costs, building maintenance costs, etc.? Is this information used in short-term or annual budget and other fiscal planning?

III.D.11.Q3 Does the Institution allocate resources to the payment of its liabilities and funds/reserves to address long-term obligations? Are resources directed to actuarially developed plans for Other Post-Employment Benefit (OPEB) obligations?

**Description**

The District considers its long-range financial priorities and commitments when making short-range financial plans. An Audit and Finance Committee is appointed by the Board of Trustees to act in an advisory role in carrying out its oversight and legislative responsibilities as they relate to the District’s financial management. (1) (2) (III.D.11.Q1)

The Board of Trustees recognizes the importance of fiscal stability and in establishing and maintaining an adequate reserve level. Pursuant to requirements of title 5, the District Board provides direction to the Chancellor to establish a prudent budget reserve. The intent of the reserve is to address emergencies or unexpected catastrophic issues that may arise during the course of the year. The District’s annual Adopted Budget shall include an undesignated reserve fund to ensure that the District will be in a positive cash position at the end of the fiscal year. In no case shall the Board adopt a budget with a reserve of less than five percent (5%) of unrestricted general fund revenues. (3) (III.D.11.Q2)

Noncurrent liabilities include bonds and notes payable, compensated absences, claims payable, capital lease obligations with maturities greater than one year. All long-term obligations are reported in the entity-wide financial statements. The District is self-insured for health care claims of employees participating in the District’s health care plans. The District carries stop loss insurance to limit its aggregate liability to 125 percent of the expected paid claims and its individual claim liability limit to $100,000 per care year. The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

 (7 pg. 26, 50) (III.D.11.Q2)

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. Sick leave is accumulated without limit for each employee based upon negotiated contracts. Employees are not paid sick leave balances at termination of employment. Therefore, the value of accumulated sick leave is not recognized as a liability in the District’s financial statements. (7 pg. 26) (III.D.11.Q2)

The District has contracted an Actuarial Study of retiree Health Liabilities in compliance with Governmental Accounts Standard Board (GASB) Statements 43 and 45. The actuarial report is dated April 16, 2016 and is effective for fiscal years 2015-16 and 2016-17. (8) (9) (III.D.11.Q3

**Evaluation**

**Evidence for Standard III.D.11**

1. Audit & Finance Committee

<http://www.fhda.edu/_about-us/_board/audit-and-finance-committee/>

1. Board Policy 6401

<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTW3E835A8B>

1. Board Policy 3115

[http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9U5PUR6583E5#](http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9U5PUR6583E5)

1. FY16/17 Adopted Budget

[http://business.fhda.edu/\_downloads/16-17 Adopted Budget.pd](http://business.fhda.edu/_downloads/16-17%20Adopted%20Budget.pd)

1. FY15/16 Adopted Budget

<http://business.fhda.edu/_downloads/15-16%20Adopted%20Budget.pdf>

1. FY14/15 Adopted Budget

<http://business.fhda.edu/_downloads/1415AdoptedBudget10242014.pdf>

1. FY15/16 Financial Statements

<http://business.fhda.edu/_downloads/FHDACCDAuditedFY1415final.pdf>

1. Actuarial Study of Retiree Health Liabilities (July 1, 2015)

[http://www.boarddocs.com/ca/fhda/Board.nsf/files/AA4SHX729390/$file/Foothill-DeAnzaCCD3141Final2015Report.pdf](http://www.boarddocs.com/ca/fhda/Board.nsf/files/AA4SHX729390/%24file/Foothill-DeAnzaCCD3141Final2015Report.pdf)

1. Meeting: Audit and Finance Committee (May 26, 2016)

<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTW3E835A8B>

**III.D.12 Bret & Teri = Red**

**III.D.12** **The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.**

III.D.12.Q1 Is the institution fully funding its annual OPEB obligation (Annual required contribution [ARC])? At what level is the contribution being funded?

**Description**

The District’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the requirements of Other Post Employment Benefits guidance. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. (1) (III.D.12.Q1)

For the past three years the OPEB percentage of contribution has been 89%. (1 pg. 48)

The District has contracted an Actuarial Study of retiree Health Liabilities in compliance with Governmental Accounts Standard Board (GASB) Statements 43 and 45. The actuarial report is dated April 16, 2016 and is effective for fiscal years 2015-16 and 2016-17. (2) (3) (III.D.12.Q1)

**Evaluation**

**Evidence for Standard III.D.12**

1. FY15/16 Financial Statements

<http://business.fhda.edu/_downloads/FHDACCDAuditedFY1415final.pdf>

1. Actuarial Study of Retiree Health Liabilities (July 1, 2015)

[http://www.boarddocs.com/ca/fhda/Board.nsf/files/AA4SHX729390/$file/Foothill-DeAnzaCCD3141Final2015Report.pdf](http://www.boarddocs.com/ca/fhda/Board.nsf/files/AA4SHX729390/%24file/Foothill-DeAnzaCCD3141Final2015Report.pdf)

1. Meeting: Audit and Finance Committee (May 26, 2016)

<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTW3E835A8B>

**III.D. 13 Susan & Pippa = Green**

**III.D.13 On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.**

III.D.13.Q1 What is the level of locally incurred debt?

III.D.13.Q2 What percentage of the budget is used to repay this debt?

III.D.13.Q2 Does the locally incurred debt repayment schedule have an adverse impact on meeting all current fiscal obligations?

**Description**

Payments on the certificates of participation are paid through the Debt Service Fund. Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. Page 38 of the 2015/16 Financial Statements (Note 8 – Long-Term Obligations) provides a June 30, 2015 balance of $730,417,328 for total bonds and COP’s payable. (1) (III.D.13.Q1)

The 2015/16 Actual Summary for ALL FUNDS = 18.5% of the budget was used to repay this debt. (1) (III.D.13.Q2)

The 2016/17 Adopted Budget for ALL FUNDS = 24.5% of the budget will be used to repay this debt. (2) (III.D.13.Q2)

All obligations are budgeted at the district level and reported in the notes to the financial statements. Long-term debt service is budgeted as a district priority. A debt-service summary is included in the district’s annual budget. (1) A detailed debt service schedule is included in the 2015/16 audited financial statements in Note 8 – Long-Term Obligations. (2)

The locally incurred debt repayment schedule does not have an adverse impact on meeting current fiscal obligations. In an advisory role, the Audit and Finance Committee shall carry out its oversight and legislative responsibilities as they relate to the District’s financial management. In this capacity, the committee will review and monitor budget and financial material and reports related to financial matters, including bonds, certificates of participation and other funding instruments, to come before the Board of Trustees. (3) (III.D.13.Q3) (done by Teri)

The level of locally incurred debt is limited to General Obligation bonds, Certificates of Participation and capital leases. (III.D.13.Q1)

The percentage of the budget used to repay this debt is XX% (NEED TO GET FROM DISTRICT). (III.D.13.Q)

The locally incurred debt repayment schedule does not have an adverse impact on meeting all current fiscal obligations. (4) (III.D.13.Q3)

**Evaluation**

**Evidence for Standard III.D.13**

1. FY15/16 Financial Statements

 <http://business.fhda.edu/_downloads/FHDACCDAuditedFY1415final.pdf>

1. FY16/17 Adopted Budget

[http://business.fhda.edu/\_downloads/16-17 Adopted Budget.pd](http://business.fhda.edu/_downloads/16-17%20Adopted%20Budget.pd)

1. Board Policy 6401 – Audit and Finance Committee

[http://www.boarddocs.com/ca/fhda/Board.nsf/Public#](http://www.boarddocs.com/ca/fhda/Board.nsf/Public)

1. FY14/15 Financial Audit Statements (page 40): <http://business.fhda.edu/_downloads/FHDACCDAuditedFY1415final.pdf>

**111.D.14 Susan & Pippa = Green**

**III.D.14 All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.**

III.D.14.Q1 Is there an annual assessment of debt repayment obligations, and are resources allocated in a manner that ensures stable finances?

**Description**

There is an annual assessment of debt repayment obligations to ensure that resources are allocated in a stable manner. As part of its annual budget report, the district updates Fund 200 with the activity of all district debt. (1) The annual audit also examines the long term debt of the college and tracks the debt issued and repayment obligations. (2) (III.D.14.Q1)

**Evaluation**

**Evidence for Standard III.D.14**

1. FY 16/17 Annual Budget (page 73): <http://business.fhda.edu/_downloads/16-17%20Adopted%20Budget.pdf>
2. FY14/15 Financial Audit Statements (page 40): <http://business.fhda.edu/_downloads/FHDACCDAuditedFY1415final.pdf>

**III.D.15** **Susan & Pippa = Green**

**III.D.15 - The institution monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance when the federal government identifies deficiencies.**

III.D.15.Q1 What is the default rate for the past three years?

III.D.15.Q2 Is the default rate within federal guidelines?

III.D.15.Q3 Does the institution have a plan to reduce the default rate if it exceeds federal guidelines

III.D.15.Q4 Are student loan default rates, revenues, and related matters monitored and assessed to ensure compliance with Federal Regulation?

**Description**

Published three-year default rate for De Anza College:

FY2011 = 17.1%

FY2012 = 18.3 %

FY2013 = 19.7%

(each federal fiscal year refers to the calendar year in which it ends OCT 1 – SEP 30)

(1) (III.D.15.Q1)

The default rate for the college is within federal guidelines. There are sanctions for schools with high rates and benefits for schools with low rates. Sanctions can include loss of eligibility in Direct Loan, and/or Pell programs. A high cohort default rate can also limit a school to provisional certification. (2) (III.D.15.Q2)

Consequences of cohort default rates on our ability to participate in Title IV, HEA programs:

• Lose eligibility to participate in the FFEL and Direct Loan programs 30 days after you receive notice that your most recent cohort default rate for fiscal year 2011 or later is greater than 40 percent.

• Lose eligibility to participate in the FFEL, Direct Loan, and Federal Pell Grant programs 30 days after you receive our notice that your three most recent cohort default rates are each 30 percent or greater. (2) (III.D.15.Q2)

The college has a plan to reduce the default rate if it exceeds federal guidelines. The college is currently working with ECMC Solutions to assist in lowering the default rate. ECMC contacts borrowers at specific intervals during their repayment period to help delinquent borrowers get their payments on track. ECMC Solutions has projected the current default rate for FY2014 at 16 percent. (III.D.15.Q3)

Student loan default rates, revenues, and related matters are monitored and assessed to ensure compliance with Federal regulations. The Financial Aid office receives draft default rates and reports for review. A LRDR (loan record detail report) contains information on the loans used to calculate a school’s draft or official cohort default rate. The LRDR lists a school’s Federal Family Education Loan (FFEL) and/or William D. Ford Federal Direct Loan (Direct Loan) activity, including but not limited to: (2) (III.D.15.Q4)

• The number of borrowers who entered repayment during a given fiscal year, and

• The loan status of those borrowers.

Unless it is corrected, the draft cohort default rate data will be used to calculate the official cohort default rates. Therefore, it is important for the school to verify the accuracy of the draft cohort default data before the official cohort default rates are calculated and released. (2) (III.D.15.Q4)

The Department uses the official cohort default rate to determine if a school is subject to sanction or eligible for benefits. If the college finds errors in the cohort default rate data, the college may be eligible to file an uncorrected data adjustment, new data adjustment, and/or erroneous data appeal. (2) (III.D.15.Q4) (done by teri)

The campus default rate for the last three years is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Cohort Year 11/12 | Cohort Year 10/11 | Cohort Year 09/10 |
| Student Loan Default Rate (FSLD) (3 year rate) | 18% | 17% | 12% |

(III.D.15.Q1)

The default rate is within the federal guidelines though it has been increasing over the last three years. (III.D.15.Q2). As a precautionary measure, the campus has voluntarily chosen to contract with a third party vendor, Educational Credit Management Corporation (ECMC), to assist students who are at risk of becoming delinquent in their loan repayment. In addition to providing a service to help students with their debt management, this should also enable to college to minimize its student loan default rate (2). (III.D.15.Q3).

The college takes its financial aid responsibility very seriously and continually monitors and assesses its student loan default rates, revenues and other related matter to ensure compliance with Federal Regulation. When audit findings were noted in FY11/12 and FY 12/13 regarding internal controls over compliance, the college took steps to correct the deficiency. (1) (III.D.15.Q4) NEED TO CONTACT LISA MANDY FOR MORE DETAIL

**Evaluation**

**Evidence for Standard III.D.14**

1. Cohort Default Rates (requires school code 004480)
2. <https://ifap.ed.gov/DefaultManagement/guide/CDRGuideMasterVersion.html>
3. Electronic Code of Federal Regulations
4. <https://ifap.ed.gov/DefaultManagement/guide/CDRGuidePart2.html>
5. ACCJC Report (page 3): <http://www.deanza.edu/accreditation/pdf/2016_ACCJC%20Annual%20Fiscal%20Report.pdf>
6. Board approval of ECMC contract: [http://www.boarddocs.com/ca/fhda/Board.nsf/files/9TF6RB16286A/$file/Ratification%20of%20Contracts%2002-09-15.pdf](http://www.boarddocs.com/ca/fhda/Board.nsf/files/9TF6RB16286A/%24file/Ratification%20of%20Contracts%2002-09-15.pdf)

***Contractual Agreements***

**III.D. 16 Pam & Paula = Pink**

**III.D. 16 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 and the quality of its programs, services, and operations.**

III.D.16.Q1 What contractual agreements exist, and are they consistent with institutional mission and goals?

III.D.16.Q2 Does the institution have appropriate control over these contracts? Can it change or terminate contracts that don't meet its required standards of quality?

III.D.16.Q3 Are funds allocated, as shown in the budget, in a manner that will realistically achieve the institution's stated goals for student learning?

**Description**

There are several different types of standard agreements set in place by the district. These standard agreements are used for supplies, services, construction, maintenance, and repairs.

The standard agreements include:

[Independent Contractor Agreement](http://purchasing.fhda.edu/_downloads/ICA%20-%20Agreement%20with%20Instructions_Rev%203-15-16.pdf)

[Public Works, Repairs, and Maintenance Agreement](http://purchasing.fhda.edu/_downloads/UPCCAA%20Under%2025k_Agreement%209_6_16.pdf)

[Agreement for Services](http://purchasing.fhda.edu/_downloads/Agreement%20for%20Services%20-%20Agreement%20with%20Instructions_Rev%201-19-16.pdf)

[Design Professional Agreement](http://fhdafiles.fhda.edu/downloads/purfhda/DesignProfessionalAgreement1.pdf)

[Purchase Order Standard Terms and Conditions](http://fhdafiles.fhda.edu/downloads/purfhda/FHDASICMay112010.pdf)

The agreements are reviewed by district’s legal counsel and updated periodically to reflect changing state and federal laws. Most contracts include nondiscrimination and termination clauses.

III.D.16.Q2 Does the institution have appropriate control over these contracts? Can it change or terminate contracts that don't meet its required standards of quality?

Each of the standard agreements and purchase order terms and conditions include a termination clause for convenience or failure to meet requirements. The district’s purchasing department works closely with the college to monitor performance of the contractors.

**Evaluation**

**Evidence for Standard III.D.16**

[**Evidence Link**](http://www.deanza.edu/gov/)