



**ESSEX  
COUNTY  
COLLEGE**



**MARCH 1, 2018**

**MIDDLE STATES  
MONITORING REPORT**

**Monitoring Report to the  
Middle States Commission on Higher Education  
from  
ESSEX COUNTY COLLEGE  
Newark, New Jersey 07102**

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President**

**March 1, 2018**

**Subject of this Follow-Up Report:**

***A monitoring report documenting:***

*evidence that the institution has achieved and can sustain compliance with Standard 3 and Standard 4, including but not limited to evidence of the development and implementation of*

*(1) a financial planning and budgeting process aligned with the institution's mission, goals and plan that provides for an annual budget and multi-year budget projections, both institution-wide and among departments; utilizes planning and assessment documents; address resource acquisition and allocation for the institution*

*(2) adequate institutional controls to deal with financial, administrative and auxiliary operations, and rational and consistent policies and procedures in place to determine allocation of assets*

*(3) an annual independent audit confirming financial responsibility, with evidence of follow-up on any concerns cited in the audit's accompanying management letter*

*(4) the analysis and improvement of financial practices (Standard 3) and written governing documents, such as a constitution, by-laws, enabling legislation, charter or other similar documents that: delineate the governance structure and provide for collegial governance, and the structure's composition, duties and responsibilities; assign authority and accountability for policy development and decision making including a process for the involvement of appropriate institutional constituencies in policy development and decision making, provide the selection process for governing body members and*

*(5) periodic assessment of the effectiveness of the institutional leadership and governance (Standard 4).*

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## Introduction

### I. This Report

This report is submitted by Essex County College (“ECC” or “the College”) as requested by the Middle States Commission on Higher Education (“the Commission,” “CHE,” or “MSCHE”) in a letter dated November 16, 2017<sup>1</sup>. The letter incorporated recommendations and requirements identified in a report submitted after a follow-up Small Team visit that occurred from October 5 through October 6, 2017. Subsequent to the Small Team visit – the purpose of which was to determine the College’s compliance with Standards 3, 4, and 8 – the Commission took the following action:

*To accept the monitoring report and to note the visit by the Commission’s representatives. To note that the institution is now in compliance with Standard 8 (Student Admissions and Retention). To place the institution on probation because of insufficient evidence that the institution is currently in compliance with Standard 3 (Institutional Resources) and Standard 4 (Leadership and Governance).*

*To note that the institution remains accredited while on probation. To note further that federal regulations limit the period during which an institution may be in non-compliance to two years.*

*To request a monitoring report, due March 1, 2018, documenting evidence that the institution has achieved and can sustain compliance with Standard 3 and Standard 4, including but not limited to evidence of the development and implementation of*

- (1) a financial planning and budgeting process aligned with the institution’s mission, goals and plan that provides for an annual budget and multi-year budget projections, both institution-wide and among departments; utilizes planning and assessment documents; addresses resource acquisition and allocation for the institution*
- (2) adequate institutional controls to deal with financial, administrative and auxiliary operations, and rational and consistent policies and procedures in place to determine allocation of assets*
- (3) an annual independent audit confirming financial responsibility, with evidence of follow-up on any concerns cited in the audit’s accompanying management letter*
- 4) the analysis and improvement of financial practices (Standard 3) and written governing documents, such as a constitution, by-laws, enabling legislation, charter or other similar documents that: delineate the governance structure and provide for collegial governance, and the structure’s composition, duties and responsibilities; assign authority and accountability for policy development and decision making including a process for the*

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<sup>1</sup> Items in the Appendix will primarily consist of documents and evidence referred to in this report and will not repeat items supplied to the visiting team by the Commission. Given the Appendix page limitation, an extensive list of other documents that might be useful has been included with the Monitoring Report and will be available in the team work room. Those documents will be indicated by a \* in this report. If only a portion of an item is included in the Appendix, the entire document will be in the team work room. Of course, any materials requested by the team will be provided before or during the visit.

*involvement of appropriate institutional constituencies in policy development and decision making, provide the selection process for governing body members and (5) periodic assessment of the effectiveness of the institutional leadership and governance (Standard 4). A small team visit will follow submission of the monitoring report.*

This report will provide a detailed discussion and analysis of the numerous efforts undertaken by ECC to develop data-informed budgets in a timely manner, improve internal financial controls, oversee the completion of an annual independent audit, enhance and correct existing financial practices, and assess on a regular schedule institutional leadership and governance. Among the specific topics covered in this report are:

- a financial planning and budgeting process that incorporates multi-year revenue, expense, and enrollment projections that aligns with and supports the College’s mission and values;
- strategies that will enable the development and implementation of improved financial internal controls, including recent and planned personnel changes;
- the most recent independent annual financial audit (FY 2017), which found no material weaknesses, though it did indicate one significant deficiency that is being remedied via corrective actions also outlined in this report;
- a review of the processes that were implemented to remedy the substantial deficiencies and material weaknesses revealed by FY 2014 – FY 2016 annual audits;
- improvements of policies, regulations, procedures, and practices related to institutional resources – especially relating to resource acquisitions and allocations – that address issues and deficiencies that were identified upon review of existing documents and routines;
- heightened awareness and clarification of the delineation of leadership and governance roles and responsibilities; and
- the methods used, and the calendar followed, to ensure efficient and routine assessment of various components of institutional leadership and governance along with noted use of findings to promote continuous institutional improvement.

In preparing this Monitoring Report, input was sought from across campus, not only for data and other information, but also to review drafts and the final report before submission. The Board of Trustees members were sent multiple drafts for their review and comments and adopted the Report at their February 27, 2018 meeting.

## II. Essex County College

Essex County College (“ECC”) is an open access urban community college located in northern New Jersey. One of 19 community colleges in the state, the College was established in 1966 with classes beginning in September 1968. Celebrating its 50<sup>th</sup> anniversary this year, ECC is as dedicated as when it first opened to providing a wide variety of comprehensive, high quality educational programs and services to students, many of whom reside in the 22 municipalities within Essex County, New Jersey. In fiscal year 2017, the College enrolled 12,638 and 10,617 students in its credit and non-credit program offerings, respectively. These programs range from Associate Degrees and Academic Certificates in a broad variety of academic disciplines (e.g., the humanities, social sciences, business, natural sciences, health sciences, engineering, computer

science) to English as a Second Language and adult literacy classes, short-term job training, and numerous programs for professional development and personal enrichment.

ECC serves a diverse student population that mirrors the increasing diversity of the County. The College is a Predominantly Black Institution as well as a Hispanic Serving Institution with 47.1% and 30.4% of its fall 2017 student body self-identifying as Black/African American and Hispanic/Latino, respectively. The College employs approximately 111 full-time faculty and more than 500 part-time faculty members. In addition, there are 370 full-time employees who serve in managerial, professional, office, and administrative support, and other support service capacities and who work at the main campus in Newark, the West Essex Campus in West Caldwell, local extension sites, and the Public Safety Academy in Cedar Grove.

The College' Board of Trustees has adopted a long-standing Mission, Vision, and Values Statement that emphasizes a student-centered learning environment and is periodically reviewed by the Board. At the November 2017 Board-Cabinet Retreat, the Mission Statement was reaffirmed.

*Essex County College is an open access community college that serves the diverse needs of its students through comprehensive educational programs, training, and continuing education. Essex County College is dedicated to academic excellence and the success of its students.*

### III. Previous Commission Action

On November 16, 2017 the Commission acted on the report prepared following a small-team visit that occurred on October 5-6, 2017. That visit and report was as a result of a prior Commission action finding the College to not be in compliance with Standards 3, 4, and 8. The visiting team determined that ECC had come into compliance with Standard 8 and noted that an enrollment management plan, including marketing, recruitment, and retention had been developed and was being implemented.

The team's report concluded that additional progress had to be made for the College to be compliant with Standards 3 and 4 and set out a number of specific actions that need to be taken. Those steps were incorporated into the MSCHE action of November 16, 2017 and are itemized in Section I above. This monitoring report will discuss the actions taken in response to each of the requirements as well as plans set out in the institutional response letter of October 19, 2017 – all of which will show that the College is once again in compliance with all Standards.

## **Standard 3 - Institutional Resources**

### **IV. Financial Planning Aligned with Missions and Goals**

#### **1. Annual Budgeting Process**

Essex County College previously used a Cabinet-level decision-making process, based on an incremental budget model, to create a proposed annual operating budget. This resulted in input used to craft the proposed budget being limited to that supplied by department heads and Finance Department members. There was a general attempt to align planning and budgeting with the College's mission and goals, but no requirement that it be done, nor was there a comprehensive and objective method of prioritizing budget requests. The process was simply documented in a one-page narrative that did not specify all required steps needed to prepare the budget (Appendix A).

To address the concerns highlighted by the most recent visiting team, a group of ECC administrators, with leadership from the President's Office and Finance Department, developed a comprehensive *Budget Development Manual* (Appendix B). Determined to be more inclusive in the process, representatives from various areas of the College were included and the document, which was discussed by the Board of Trustees Finance Committee at its January 17, 2018 meeting, is now in use.

This manual defines the budget as “a comprehensive and coordinated financial plan that provides support for all educational and general operating programs, student activities and auxiliary services.” (Appendix B, p. B – 1). It sets out the specific steps and data-driven assumptions to be followed to craft a practical, bottom-up-developed, balanced annual budget. It sets out objectives designed to result in a budget that meets the operational needs of the institution while recognizing that resource allocation must be based on its mission, goals, and strategic planning initiatives.

On the revenue side, enrollment-related data, such as enrollment trends, enrollment-generating initiatives and credit hour targets established in the strategic enrollment management plan, are used to calculate reasonable forecasts of billable credit hours for a given fiscal year. The College opted for a conservative approach and though recent enrollment and retention initiatives indicate that total credit hours will likely exceed 200,000 hours in FY 2019 with small increases in subsequent years; for budgeting purposes, 190,000 hours will be used for the next three years. This, in turn, allows for the determination of revenue from tuition and fees, which makes up approximately 60% of the College's total annual revenue. This projected tuition and fee revenue, combined with the promised and expected county and state allocations and miscellaneous sources of income, establishes a practical and reasonable total revenue amount on which to build the budget.

The budgeting process follows a detailed multi-month timeline (Appendix B, p. B – 13) to ensure it is crafted efficiently and in a timely manner, and to make certain that the amounts allocated to cover college-wide, department-specific and area-specific expenses do not exceed



expected revenue, several steps must be followed. For FY 2019, amounts from the previous year were initially used as the base-budget amount. To increase the base-budget amount, department heads must complete “*Operating Budget Request*” forms (Appendix C) that area heads are required to review, modify when necessary, and authorize before they are submitted to the finance team for review.

The heads of various areas seek input from those in the department to develop the budget request. A typical process is reported by the Dean of STEM and Health Sciences: Prior to her review, “the Chairs, in consultation with faculty, determine area priorities based on enrollment trends, new programs, specialized accreditation requirements and general needs of the division, all in relation to the overall Strategic Plan.”

Another element of budget development is the utilization of the recently created Resource Allocation Rubric (RAR) (Appendix D) that will quantify requests from expense centers to assist in the allocation of financial, human, and other resources. In this time of fiscal restraints, there are no specific “yea or nay” numbers, but, rather there must be shown a strong nexus to the College’s mission and Strategic Plan\* (the first two criteria in the rubric), and meeting a critical requirement impacting student learning or administrative unit outcomes. At this time, utilization of the RAR will systematize resource allocation, especially in the post-budget adoption period when funds, personnel or space must be moved from one use to another.

While utilized in several areas of operation, its use is being piloted and focused on requests from Academic Divisions, Facilities, and Institutional Planning and Assessment and will be utilized by all budget owners in future budget development.

Following these steps allows the finance team to craft the expense side of the annual fiscal year budget, which must match the total revenue amount to meet the statutory requirement of a balanced budget. The proposed annual fiscal year budget is shared with Cabinet and the Board Finance Committee for input before being brought to the full Board of Trustees and the Board of School Estimate for formal approval.

To ensure that the members of the Board of Trustees have a thorough understanding of the budgeting process and College finances and are fully equipped to provide fiduciary oversight of the College, two presentations were made to the Board in January and February 2018. The first presentation\* covered the fiscal year calendar, an overview of different funds, and specifics related to the operating fund, including breakdowns of operating fund revenues and expenses, tuition and fees, financial aid and scholarships information, annual enrollment trend data, and recent year-end operating fund surplus/deficit trend data. The second presentation\* covered fund balances, defined fiscal exigency from both a legal and a financial perspective, and included details on fiscal year revenue and expense trends from FY 2014 through the forecasted end of FY 2018.

In addition, access to Association of Community College Trustees (ACCT) webinars on finance, oversight and other relevant topics are now available to ECC Board members. The Board has committed to taken advantage of those opportunities to further increase their knowledge and skills. Delivery of these presentations and access to the ACCT webinars addressed several low-scoring items that surfaced in the December 2017 Board of Trustees self-evaluation survey (Appendix E) including “Trustees adequately understand the financial condition of the College” and “The Board takes appropriate action, which is informed by regular financial updates, to

ensure sound fiscal management of the College.” Of particular interest to the Board have been webinars dealing with financial oversight, institutional accreditation, and a guide to ethical governance.

## 2. Fiscal Exigency Plan

The Essex County College Board of Trustees declared fiscal exigency in April 2017. In June 2017, Dr. Anthony E. Munroe was appointed President of Essex County College and under his direction, a *Fiscal Exigency Plan* was developed and shared with College stakeholders (e.g., Cabinet Members, union leadership, Trustees) to obtain feedback and ensure inclusiveness and transparency (Appendix F). The three-year plan, which sets out a path toward fiscal recovery and the stabilization of ECC’s financial health, was approved by the Board at their February 27, 2018 meeting.

Primary goals specified in the *Fiscal Exigency Plan*, which includes a personnel reorganization component to right size the institution and support potential growth areas, include processes and strategies:

- to reduce FY 2018, FY 2019, and FY 2020 operating expenses while ensuring that the College can still fulfill its mission and provide the support necessary for student development, academic success, and program completion;
- right-sizing the institution by adjusting staff; and
- to gradually restore fund balances to provide a sustainable healthy financial future for ECC.

The Board approved an *Unrestricted Fund Balance Policy* at its December 19, 2017 meeting (Appendix G). This Policy calls for the College to maintain an unrestricted fund balance equivalent to a minimum of 4% to 7% of its unrestricted operating budget. It further stipulates that:

“fund balances, below the stated minimum levels, should not be used to fund recurring expenditures and/or to merely supplement operating revenues to balance a budget and should be utilized solely for extraordinary items which are ‘infrequent or unusual’ in nature” and that “the operating budget should be adjusted accordingly so as to raise sufficient funds to meet both the minimum desired level of fund balance and to fund the operating expenditures...the College should re-establish the desired fund balance level within three years unless otherwise approved by the Board of Trustees.”

Following this Policy will ensure that ECC monitors and makes adjustment to its operational budget rather than relying on borrowing from the fund balance to fill fiscal year-end gaps, as has periodically been done in the recent past. Until the College has moved beyond its fiscal exigency status, there are no immediate plans to add to the fund balance; this will only happen once ECC is able to end the fiscal year “in the black.”

The Board of Trustees has just approved a Fiscal Exigency Plan that provides for the elimination of multiple positions, by the reduction of personnel and positions, for an estimated annual savings of approximately \$2.7M in Phase I, beginning FY 2019. When it is fiscally responsible to do so, hiring will focus on titles that serve growing academic areas, increase enrollment and

retention, and promote efficiencies in management. For example, it is expected that faculty members will be hired in disciplines representing programs with growth as well as administrators to support student services.

As confirmed by annual audits, the total fund balances have remained fairly steady over the past three years, ranging from \$17.8M in FY 2014 to \$16.4M in FY 2017. However, the undesignated and unrestricted portion has increased dramatically from \$0 in FY 2014 to \$2.6M in FY 2015, all the way to \$7.2M in FY 2017. As can be seen from these balances, there is sufficient money to fund the anticipated \$0.5M contribution to the FY 2019 budget under the Fiscal Exigency Plan. The unrestricted and undesignated fund balances (\$7.2M) far exceed the minimum (4% of \$60.4M or \$2.4M) required by the Board Policy.

### 3. Creation of the FY 2019 Budget

The revised budgeting process described in IV., 1. above was followed from December 2017 to February 2018 in the development of the FY 2019 budget. During that period, ongoing discussions were held at the Cabinet level, the *Fiscal Exigency Plan* (even prior to its formal adoption), including its personnel component, was fine-tuned, further external factors such as demographics, high school graduation rates and government funding trends were examined, and additional input was solicited from all stakeholders including the Board Finance Committee and the full Board of Trustees. Collectively, these factors led to the FY 2019 budget assumptions\* that include the following:

- a small reduction in credit hours from FY 2018 resulting in flat enrollment of 190,000 credit hours for the next three years;
- tuition and fees will not increase in FY 2019, and modest adjustments in rates will be considered thereafter, with the awareness that the College must strive to maintain affordability for its students;
- State funding will likely decline slightly in FY 2019 and then remain flat for the following two fiscal years, and County funding will increase as per commitments made in recent discussions with the County of Essex;
- allowances for ECC employee salary increases approved through anticipated collective bargaining agreement settlements; and
- the total cost of non-personnel related expenses will remain relatively flat, with shifts in funding occurring to accommodate prioritization of activities within the College's strategic plan and other operational plans (e.g., *Technology Master Plan\** and *Facilities Master Plan\**), which continue to be revised.

Ultimately, ECC administration proposed, and the Board of Trustees approved, an FY 2019 budget with a fiscally conservative foundation that simultaneously sought to alleviate the fiscal exigency situation and meet the institution's firm commitment to the academic and professional needs of its students and employees. The FY 2019 budget efficiently meets all operating needs, sufficiently funds necessary student programs, and provide adequate human resources for the College to execute its mission and vision, goals, and operating plans.

These newly developed and revised processes were quite effective in preparing the FY 2019 budget and, despite difficulties including a declaration of *fiscal exigency* (discussed below), a

balanced operating budget was discussed by the Finance Committee on January 29, 2018 and recommended to the full Board for approval. That approval was granted at a special Board of Trustees meeting held on January 31\*. It was then presented to the Board of School Estimate (a step required by New Jersey Statute) on February 9, 2018\*. This was the first time in many years that the state-mandated deadline was met and is indicative that the improved processes are already having positive effects. At the public hearing, following the approval of the budget and passing of a resolution to that effect\*, the County Executive complimented the College on the quality and timeliness of the budget submission.

Essex County College embraced the opportunity to improve its planning and budgeting process and worked to develop and implement a much enhanced, data-driven procedure that resulted in a budget that that will meet its needs for the next fiscal year. The process, along with its inevitable changes, will serve the institution for many years to come.

#### 4. Chapter 12 Funding

One component of the FY 2019 budget package was the Chapter 12 capital funding summary report (Appendix H), which indicates that \$12.8M of approved and available Chapter 12 funding (a revolving bond program that provides to county colleges equal funding from the State and County) is presently available to ECC. This report summarized previously-awarded capital project dollars that went unspent over the last several years and made recommendations for reallocation of some of these funds based on institutional needs as outlined in the preliminary draft of the *Facilities Master Plan*<sup>2</sup> and according to Resource Allocation Rubric scoring. Execution of these important capital projects will begin soon after Board of Freeholders approval of the reallocation of the Chapter 12 funds. The College is aware that project management, expected duration of projects, timing of work to be scheduled, and other practical factors, will be of utmost importance to successfully and efficiently bring these Chapter 12-funded initiatives to completion. ECC is fortunate that an additional \$3.7M for FY 2018 and \$7.2M for FY 2019 in Chapter 12 funds has been fully committed by the State and County and will be allocated by the College following the completion of the *Facilities Master Plan*. In total \$23.7M will be available for capital projects.

#### 5. Additional County Financial Assistance

Since fall 2017, the Essex County College President and the Essex County Executive have been engaged in collegial and productive dialogue focused on determining what additional support is needed from the County to ensure that ECC can continue to adequately serve the citizens of the County. Committed to forging and maintaining a strong College-County partnership, an agreement was reached to provide a one-time \$1.5M cash payment that could be used by the College as needed in FY 2018. The purpose of this allocation is to help mitigate the effect of recent declines in enrollment and help decrease the anticipated FY 2018 year-end shortfall.

It was agreed that the amount of the County's *annual* base funding of ECC would increase by \$1.25M beginning in FY 2019, that the County funding payment schedule would be modified to

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<sup>2</sup> Essex County College's *Facilities Master Plan* is being updated and is expected to be completed by April 2018.

provide monthly installments to the College and that future discussions would occur to revisit finance-related issues.

These actions by Essex County recognize ECC's contributions to the community, the need for additional resources and will go a long way to ensure the long-term financial stability of the College.

## 6. Institutional Operations Council

In October 2017, a reconstituted Institutional Operations Council (IOC), a group created with the purpose of advising the President and Cabinet on operational matters that impact institutional effectiveness, began meeting to assist in the resource allocation process. The members of the IOC represent multiple areas of College operations and there are plans to expand it even further. Among the general tasks assigned to IOC (see Appendix I for an overview of IOC) are: 1) recommending how budget allocation and planning related to new initiatives and undertakings at the College should be prioritized to maximize positive institutional impact and internal process improvement; and 2) suggesting policies, regulations, procedures, guidelines, and implementation strategies that will improve the efficiency and effectiveness of College operations.

Immediate goals established by the IOC included improving and optimizing the allocation of human, financial, and technology resources throughout the College and managing the allocation and usage of space across all campuses based on institutional priorities. One example of goal-related actions completed to date by an IOC subgroup is the review and revision of the *Facilities Usage Procedures* document\*, which was approved by Cabinet on January 31, 2018. Revisions made to this document included amending the order of prioritization of campus facilities, improving the assignment of decision-making authority of approval of facilities usage, and re-establishing Media Production & Technology related fees for equipment rental by external users. IOC reviews external vendor and individual applications for rental of campus facilities and makes recommendations on whether the events should be approved and, if so, what fees should be charged to ensure that at a minimum the College's costs will be covered.

Another example of IOC space-allocation actions taken to date\* includes the reassignment of areas, departments, and office space on the main Newark campus to cluster similar student services. At present, it is being recommended to Cabinet that the Financial Aid Office be moved to a location near the Bursar's Office, Enrollment Services, and the Testing Center to streamline operations and to establish a more convenient "one stop shopping" experience for ECC students. These actions all tie in to the enrollment initiatives designed to increase new students and retain existing ones. Of course, that results in the additional income required to stabilize institutional finances and to further enhance the student experience.

Utilization of the IOC is another tool not only to improve resource allocation but also to spread decision making among a larger group of members of the college community, beyond those administrators who traditionally make such decisions. As noted earlier, the membership of the IOC will increase to allow additional voices to be heard. The IOC has been meeting at least monthly and will continue to do so.

## 7. Resource Acquisition and Allocation

The FY 2016 audit found a material weakness in the procurement process. As noted with more detail in V. 2. C. below, the procurement process was seen to be deficient in that there were failures in controls around the review and approvals of purchase requisitions and vendor invoices, the review and approval of cash disbursements, and the separation of duties related to check signing, and invoice processing and approval. Extensive corrective actions were taken to significantly increase oversight by the CFO regarding purchase requisitions, require the review by the President and CFO of all cash disbursements exceeding \$3,000, and requiring that all checks paying vendor invoices above that amount be manually signed by the President and CFO.

The College annual audit for 2017 showed, through the testing of the controls for procurement and purchasing, that this audit issue was corrected. (Part of Appendix M.)

## V. Internal Financial Controls

### 1. Overall Financial Administration and Operations

Recognizing that deficiencies existed, Essex County College has been earnestly working toward the goal of insuring its internal controls system follows recognized accounting and governmental standards and provides the reports necessary to inform financial decision-making and to give assurances to all stakeholders that public funds are protected. To accomplish this critically important task, ECC first began by examining its present system to determine issues and deficiencies that would need to be remedied through corrective actions. Recognizing that additional staff and expertise were required to adequately, and quickly, oversee a project of such great magnitude while simultaneously performing their day-to-day responsibilities, the administration decided that the best course of action was to hire expert consultants to assist in these efforts.

The Board also looked at its policies and adopted or modified twelve of them since September 2017. Many them are discussed individually in this report and included as Appendix items and, as noted in section IX. 1., all of them are available online. One internal controls policy, requires the College to adopt procedures to sustain resource allocation, including adequate internal controls and processes to monitor the acquisition and allocation of resources. The President, CFO, Chief Compliance Officer, and Area Heads are all assigned roles in the process of recording, reconciling, and reporting on financial accounts. This introspective look exemplifies the Board's determination that it would not be "business as usual" and that changes needed to be made at the foundation level to support modified processes and practices. Since timely audits are a Board priority, the policy requiring them was modified as were the policies on fund balances, Board and Presidential assessments, and the Board's Code of Ethics. It is the willingness to make these fundamental changes that differentiates these efforts from previous attempts.

Eisner Amper, LLP ("Eisner"), a highly respected accounting firm with experience in conducting forensic audits was retained in November 2017 to conduct a forensic audit that included a risk assessment component to examine the current system of internal controls in place at the College. A preliminary risk assessment report, organized in a "risk control matrix" format, was issued by

Eisner in January 2018 (Appendix J). The report is organized in several broad areas – Financial Reporting, Payroll/Time/Expense, and Procurement – and sets out the potential risks that would exist in the absence of adequate controls. The report noted several gaps and made recommendations to address each. The most significant deficiencies dealt with financial reporting. Essentially, the College did not have a properly documented month-end closing process.

Additional gaps identified by Eisner during the risk assessment process included a comment about paid time off. The report identified an instance of the incomplete review of a time sheet. Although the gap represents a deviation of only one employee, the College has strengthened the enforcement of a timely review process. If a department head does not submit a signed-off review within ten days after the end of a month, Human Resources contacts the department head as well as each employee. The College is considering the implementation of an electronic review process, and, to that end, meetings have been held with a payroll service vendor.

The Eisner report made recommendations as to how to remedy most of the deficiencies and the College has regarded them as goals to be met and has begun their implementation. One such recommendation was to “create a monthly closing checklist to manage and track the Financial Reporting process.” That checklist has been created (Appendix K) and is already in use. It outlines all the monthly tasks with due dates for completion and results in the prompt updating of the Banner system, from which data for many reports are drawn, being a more reliable source of current and accurate information. It not only contributes to the efficiency of the month-end close process, but also promotes structure and discipline in the reporting process.

Another Eisner recommendation that is being implemented is to provide the members of the Accounting and Finance Departments and budget owners with Banner training designed for end users. Banner Trainer sessions have been held and additional ones are scheduled over the next few months, including intensive week-long training for the entire Finance Department\*. In addition, Banner finance specialists will be brought in to provide intensive training for the CFO, DCFO, and appropriate staff members. With this training, budget owners can work effectively with IT to create customized reports. For example, the Finance Department has been able to develop a dashboard with Key Performance Indicators relating to revenues and expenses. Reports generated from this dashboard are provided to the Board Finance Committee in advance of their monthly meetings.

To give the Chief Financial Officer and deputy CFOs the ability to monitor journal entries (both for accuracy and to see that they were timely completed), an online approval process was implemented that ties into the Banner system. Approval is now required before any journal entry is posted to the general ledger. All journal entries entered are put in a queue for review by the CFO or DCFO, along with all the backup material to determine their accuracy. The CFO or his deputy then approves the journal entry and it is posted automatically to the General Entry. Under the previous system, the documents were returned to the preparer for eventual posting with the possibility that there could be changes in the entries after it was approved. Also, budget owners are able to initiate budget transfers within their department on the Banner system which are then approved by the CFO or DCFO. These changes to journal entry and budget transfer

methodology improve efficiency by eliminating paper, while creating a clear digital trail for control purposes.

ECC supplemented the risk assessment work of Eisner by retaining the Concorde Group, LLC, in January 2018 to perform an even more comprehensive assessment of the College's internal controls. In the first phase of their engagement, they are documenting processes and internal controls by working with finance personnel, assessing work flows, and evaluating risks. They will identify gaps between goals and operations and develop recommendations. Their work is in progress and initial drafts of their findings seem to be quite similar to the Eisner report. They will provide follow-up services working with College administration and staff to see that recommended changes to policies and processes get approved, supported, and executed. Utilizing the service of these two expert consulting firms is indicative of the College's commitment to improving financial administration and operations and will help ensure that not only are gaps identified and remedied, but that the process of continuous improvement is sustained.

Continuing to examine all aspects of the College's financial operations, Financial Aid Services, Inc. (FAS) was hired in December 2017 to conduct a thorough examination of current financial aid-related processes and practices by performing an extensive research and discovery process that included a four-day site visit. FAS's lead consultant, an individual with extensive financial aid experience, conducted numerous interviews with ECC staff to obtain information about current policies, protocols, general operating procedures, technology usage, office structure, staff size relative to workload and industry-wide staffing models, the general efficiency of administrative functions, service to students, and interaction between the Financial Aid Office and other departments throughout the campus.

Some of the suggestions shared during the January 11, 2018 FAS exit interview include the need to:

- create a more comprehensive *Policies & Procedures Manual* for the Financial Aid Office;
- create a process to transfer institutional knowledge to all staff members;
- separate financial aid award and disbursement duties between Financial Aid and Bursar's Office; and
- post prominently on the College's website consumer information (e.g., net price calculator, student body diversity information, Clery Act report, copyright infringement warning, Equity in Athletics Disclosure Act report) so that it is easily accessible.

Since the exit interview, much work has been accomplished toward achieving these objectives. Specifically, a *Policies & Procedures Manual\** has been revised, award and disbursement duties are now separated to provide checks and balances and reduce risks, and consumer information is now easier to find on [www.essex.edu](http://www.essex.edu). Also, a manual\* setting out workflows within the Banner system is nearing completion. To address the concerns about the transfer of information among all members of the department, each Friday there are sessions held where the focus is on identifying informational gaps, analyzing information that would need to be provided to fill these gaps and creating and providing documentation for future training and staffing needs.



The complete report was received from FAS on the day this report was submitted and is being reviewed. It seems to include the recommendations made at the exit interview as well as many other suggestions.

Collectively, the changes and additions to policies, procedures, and practices have transformed the operations of the Finance Department and have moved ECC's internal controls from a patchwork of loosely connected routines to a comprehensive system designed to ensure the accuracy of all financial reports. While previous attempts have been made to unify and enhance reporting through tighter internal controls, this time, an enlarged financial team aided by several expert consultants and auditors have thoroughly examined all components and have made all the changes and additions required. Expecting that further improvements will be desirable, the College has committed to an ongoing assessment process with continuing consultant involvement.

## 2. Prior Audit Recommendations

During the past several years, annual audits have revealed significant deficiencies and material weaknesses along with recommendations by the auditors as to how to remedy them. The FY 2017 audit contained a single significant deficiency and no material weaknesses, at least suggesting that previous issues have been resolved. For completeness and clarity, the problems highlighted by the auditors in earlier reports will be briefly discussed.

### A. FY 2014

In 2014 there was found to be a material weakness in connection with the disbursement of Perkins funds and the auditors recommended that controls be strengthened to prevent and detect misuse. The College has developed and implemented a *Financial Grant Procedures Manual* to ensure that program expenditures for the Perkins program are made in accordance with the Perkins Act IV to see that expenditures are made only for the direct benefit of the development of career, technical, vocational, and academic skills of Career Technical Education students. In the FY 2015 audit, Wiss & Company, an independent audit firm, determined the appropriate corrective actions were taken and there were no repeat findings for this issue. (The relevant portion of the audit may be found in Appendix L.)

### B. FY 2015

A significant deficiency dealing with the lack of sufficient controls over the use of debit cards was revealed in the FY 2015 audit and the recommendation was to require monthly bank reconciliations including debit card withdrawals and to eliminate the use of debit cards. Prior to the audit report, the College had identified the lack of adherence to long-standing internal controls over the use of debit cards. It took immediate corrective action and eliminated the use of debit cards, required all expenses related to athletic events be reconciled and matched to the evidence to support the expenses. All Accounting staff were trained to properly audit and reconcile supporting documents and receipts.

## C. FY 2016

Since the auditors could not complete their work on time due to the College's delay in providing information, the FY 2016 audit report was not issued until late June 2017, about six months later than usual. Essentially, the responses to the material weaknesses reflect the current changes and improvements being made. The FY 2016 audit showed two material weaknesses generally dealing with (i.) a lack of oversight of the financial close process and (ii.) in the procurement process.

i. The auditors recommended that there be a formal financial close process developed as well as the strengthening of the controls around the trial balance account reconciliation process. The financial statement close process shortcomings were addressed by the College by developing a formalized month end close process including a month end checklist and enhanced account reconciliation process, using a standardized template and log, to ensure consistently produced, timely and accurate financial information. The CFO or DCFO then reviews and approves the reconciliation. There will be continuing collaborative efforts with the Information Technology Department to better utilize the Banner system capabilities to perform monthly closings.

ii. The procurement process was seen to be deficient in that there were failures in controls around the review and approvals of purchase requisitions and vendor invoices, the review and approval of cash disbursements, and the separation of duties related to check signing, and invoice processing and approval. Extensive corrective actions were taken including:

- the CFO reviews and approves all purchase requisitions, which can only be entered in the system by the accounts payable department, thus providing for a clear separation of duties;
- all cash disbursements greater than \$3,000 are reviewed, along with supporting documentation, such as vendor invoices and receiving documentation, and approved by the President and CFO;
- checks satisfying vendor invoices over \$3,000 are manually signed by the President and CFO; and
- the CFO reviews the supporting documentation for all purchase requisitions to verify accuracy, completeness, and for conformity with purchasing guidelines.

In the FY 2017 audit, PKF O'Connor Davies, an independent audit firm, determined, through the testing of the controls for procurement and purchasing, that this audit issue was corrected. (Part of Appendix M).

## VI. FY 2017 Audit

The College administration, the Board of Trustees Finance Committee, and the full Board are committed to the commissioning of timely annual independent audits of all aspects of the financial operation of ECC and recognize their necessity in meeting the Board's obligations to provide fiscal oversight. The most recent audit was conducted by the firm of PKF O'Connor

Davies during the latter part of 2017 and resulted in an opinion dated December 17, 2017 (Appendix M). It contained one significant deficiency.

The College had created a timeline for completion of December 31, 2017 well in advance of the federal imposed deadline of March 31, 2018. In fact, the audit was submitted to the United States Department of Education on December 21, 2017. As with the budget, this was the first time in several years that the annual audit was timely submitted and reflects the commitment and efforts to improve the process and to attain the benefits that an expedient audit brings to all stakeholders. By utilizing the improved financial controls discussed in V. 1. above, the records maintained will make it easier for the financial team to prepare for each annual audit and that will other steps taken to ensure a timely audit. Given the issues faced by the College, all interested parties have the right to be reassured that financial reporting accurately reflects the state of fiscal affairs.

The deficiency noted by the auditors was the failure to “maintain a general ledger that was in agreement with the College’s underlying records nor were entries made in a timely manner. Balances in the general ledger were not examined or reconciled to detailed analysis on an ongoing basis.” To remedy this, the audit report contained a recommendation: “We suggest that the College maintain a general ledger that is reconciled monthly to underlying accounting records. The College should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken, and informed decisions can be made in a timely manner.” The steps taken in furtherance of these recommendations are discussed in section VII below.

In addition to the financial audit, the College commissioned an enrollment audit\* and was pleased that it confirmed that all processes were adequate to produce accurate enrollment figures and there were no material weaknesses or deficiencies.

## VII. Analysis and Improvement of Financial Practices

To be certain that its existing financial practices are adequate and effective, Essex County College rigorously undertook the task of carefully reviewing existing policies, regulations, procedures, and practices related to all institutional resources, emphasizing those directly related to finance. One of the first accomplishments made by those assigned to complete this significant and very necessary task was the revision and updating of a comprehensive *Annual Finance Calendar* (Appendix N), which assists the finance team in ensuring meeting all internally- and externally-imposed operational deadlines, but also to be fully aware of all tasks that need to be completed for the institution to maintain good financial health.

Recognizing that there were significant deficiencies and wanting to correct them as quickly and completely as possible and as noted earlier, many of the efforts to examine existing finance-related policies, regulations, procedures, and practices were addressed with the help of external auditing firms. Additionally, some issues and deficiencies with documents and practices were identified through internal review. To remedy the deficiencies identified in the current audit and by the review of practices, the College has:

- changed the process for journal entry review and approval that results in allowing only the CFO and DCFO to post to the general ledger,

- applied a formalized general ledger account reconciliation process, and
- enhanced and increased Banner training.

### VIII. Standard 3 Summary

It has been only four months since the Middle States Commission on Higher Education last concluded that Essex County College had not met the requirements of Standard 3 (and Standard 4) of *Characteristics of Excellence* and set out four broad areas of non-compliance. In this Monitoring Report, the College has shown that in this brief period it has analyzed the Commission's comments, taken an introspective look at its practices, retained expert advisors, and made the changes necessary to fully meet the requirements of the Standard.

Certainly, mere compliance at a given moment is not the College's goal. To that end, not a single change or practice reported on is considered to be the solution to the problems identified in the November 2017 and previous Commission findings. ECC is a changed institution and the Board of Trustees and administration are committed to remaining on a path of long-term improvement. Just in the past four months, several long-term deficiencies – most notably late budgets and Board of School Estimate filings – have been corrected and steps have been taken to be sure that subsequent years will see continued timely completion. The newly-written *Budget Development Manual's* timeline is now the standard for the preparation of that document, and the closing procedures and checklists adopted to ensure that financial reports are timely and accurate are becoming the routine way of doing business.

## Standard 4 – Leadership and Governance

### IX. Assessment of Effectiveness of Leadership and Governance

#### 1. Governing Documents, Relationships

The concerns evidenced by the Commissions' letter of November 16, 2017 arose from the findings of the site visit team report after their October 5-6 visit. Specifically, the team found:

- A. ...it was not clear that there is a cohesive relationship between the President and the Board of Trustees raising concerns whether the governance of the institution can effectively address the college's fiscal issues.
- B. At the time of the team's visit there was no Chief Financial Officer which raised concerns about the ability to address the fiscal issues of the institution.
- C. The Board adopted a self-assessment policy and instrument. However, the implementation of the self-assessment rendered less than half of the board completing the instrument. There is no evidence that the results of the self-assessment were used to inform future decision making and continuous improvement.
- D. The Board of Trustees did not conduct an evaluation of the Interim President, nor of current President, as recommended in the prior visiting team's report.

A. Relationship between President and Board of Trustees

C. Board Self-Assessment Survey Results and Use

Presumably, much of the team's impressions came from interviews with Board members and the results of a survey conducted in February/March 2017. As will be seen, the attitudes and conditions that existed then have changed significantly and relationships have vastly improved so that the President, administration, and Board members function as a team, all striving to improve the College.

At the time of the spring survey, Board-administration collegiality issues were evident through responses to the following survey questions: "The Board and the President have a relationship built on a foundation of mutual trust and respect" (mean score: 2.6 out of 4.0); "The Board respects the College administration" (2.6 out of 4.0); "The Board provides the necessary support to allow the College President to carry out his/her role successfully" (2.6 out of 4.0); and "When a problem or conflict arises between the Board and administration, the Board makes every effort to effectively resolve it" (2.4 out of 4.0).

The results of the FY 2018 Board Self-Assessment (Appendix E) administered by ACCT in December 2017 indicate considerable progress in several areas over the baseline established by the previous year's survey. All nine members seated on the Board in December 2017 participated in the self-evaluation, and high average scores were indicated for the following statements related to roles and responsibilities:

- "The Board focuses on policy in Board discussions, not administrative matters" (3.8 out of 5.0);

- “The Board has clarified the difference between its policy role and the roles of the President and staff” (4.1 out of 5.0);
- “The Board clearly delegates the administration of the College to the President” (4.3 out of 5.0); and
- “Board members respect the role of the President as the link between the Board and staff” (4.0 out of 5.0).

Trustee responses to open-ended questions on the FY 2018 Self-Assessment provide further evidence of positive change. When asked what they are most pleased about as a Trustee, Board members wrote “the recent reorganization of the BOT and its leadership,” “collegiality of the Board,” “a positive change in the membership of the Board,” and “new leadership on the Board” among other things. These responses illustrate just how far perceptions have improved in a brief time. In fact, when the College submitted its monitoring reports in September 2016 and September 2017, disputes between the Acting President or the then-current President and several Trustees and an upper-level administrator, as well as instances of aggressive disagreement among Board members were, unfortunately, frequently reported in the press and led to active dissent being publicly expressed by community leaders concerned about ECC’s direction.

The Board of Trustees has a new Chairperson as well as five new members since the last time a team visited the campus. As evidenced by the responses to survey questions and day-to-day interactions, a spirit of cooperation for the good of the College has replaced the mistrust and hostility that previously existed and that allegations of political interference made not too long ago have all but evaporated. Many of the difficulties experienced may have been more due to personality conflicts and individual agendas than lack of clarity over the governance structure’s composition, duties, and responsibilities. To ensure that ECC Board members and the entire college community have access to, and awareness of, all governing documents, they were collected and carefully reviewed by the College’s newly-hired Chief Compliance Officer and found to be in full compliance with all state administrative code and statutory requirements. That review included all Board Policies\* and College Regulations\*, which are available at [www.essex.edu/wp-content/uploads/2013/10/Master-Board-Policy-Manual-2.2.18.pdf](http://www.essex.edu/wp-content/uploads/2013/10/Master-Board-Policy-Manual-2.2.18.pdf) and [www.essex.edu/ogc/regulations/](http://www.essex.edu/ogc/regulations/).

To give Board members a broad background in the laws and regulations that apply to New Jersey community colleges, they all attended a two-day retreat for the Board and Cabinet that included a presentation by the New Jersey Council of County Colleges about laws and regulations applicable to their roles. To further assist the Board in meeting its obligations, on December 19, 2017 another Board retreat facilitated by ACCT was attended by all trustees and covered such topics as “Board/Trustee Roles and Responsibilities” and “Board Self-Assessment and Presidential Evaluation.” In her report, the ACCT Board Governance Consultant observed:

“Within a matter of months, the Board with the support of President Munroe has gone through an extensive effort to participate in training, the review of Board policies and by-laws, developing plans to address the significant drop in enrollment and declaring fiscal exigency. One must applaud the effort of this new Board to accelerate the learning process, build trust, and win the respect of the College and the community at large.”

“There is evidence that the Board is on the right track and has made significant progress in addressing the governance issues identified by the Middle States Commission on Higher Education.”

The College’s governing documents delineate ECC’s shared governance system’s structure and provide full details about the structure’s composition, duties, and responsibilities. They also assign at the appropriate level authority and accountability for policy development and decision making and, along with New Jersey Statutes 18A:64A-8,9 provide for the selection process of governing body members. The Institutional Operations Council, discussed in IV. 6. above, provides opportunities for representatives from many areas of the campus to have a say on operational matters that impact institutional effectiveness.

To confirm that the appointment of recent ECC Trustees followed the state regulatory requirements, the College asked the County Executive to provide details on the selection and appointment of two individuals appointed to the Board in November 2017. He promptly provided a Trustee Appointment Summary which outlined the details that led to the selection and appointment of these Trustees. Based on the specifics presented in this report, and after review by the Chief Compliance Officer, it is apparent that the Trustee selection and appointment process complies with all state administrative code requirements as well as the newly-revised *Board Trustee Appointment Board Policy\**.

While the ultimate decisions about the governance of Essex County College reside with the Board of Trustees and the College President, other elements of the shared governance structure including various institutional constituencies, such as Deans’ Council, IOC, Student Affairs Leadership Team and the seven faculty-led Governance Committee, are tasked with developing recommendations and making decisions relative to their expertise on policies, regulations, procedures, practices, and more. These entities, along with the Board of Trustees and the College President, are typical of those found in all colleges and provide a solid structure for decision-making and the execution of those decisions.

#### B. Need for Chief Financial Officer

When the last site visit team arrived on campus, Essex County College did not have anyone designated as Chief Financial Officer. A CPA was named as acting Controller and Chief Financial Officer in October 2017 and has quickly become a guiding force on the ECC finance team. In addition to his license, he has over ten years’ experience in public and private accounting with emphasis on financial reporting and auditing. (His résumé may be found as Appendix O.). In addition, a Deputy CFO joined the College in December 2017 and works with the others in the Finance Department to develop, enhance, and apply all the tools needed to ensure that all financial reporting accurately reflects the state of accounts and allows the administration and Board of Trustees to make fully informed decisions. (His résumé is included in Appendix P.). The improvements that the financial team has made are discussed throughout this report.

#### D. Evaluation of the President

In 2017, the Board of Trustees adopted, and in 2018 revised, a policy dealing with the evaluation of the College President. The Policy recognizes that “[p]erformance appraisal and

evaluation is deemed an inherent function and responsibility of by the Board of Trustees.” The President is required to submit a mid-year summary and goals in January and the Board will conduct an evaluation in May for review at its June meeting. President Anthony E. Munroe was appointed to his position on June 1, 2017 and submitted his self-evaluation in January and the mid-year Presidential Evaluation was completed by the Board in February 2018.

## 2. Assessment of the Effectiveness of Institutional Leadership and Governance

Multiple approaches are taken to ensure the thorough assessment of the effectiveness of institutional leadership and governance. These approaches rely on varied assessment instruments and tools, direct and indirect, formative and summative, and objective and subjective to provide a holistic and well-rounded “big picture” look at the current situation, as well as specific areas needing attention. Two of the most critical components of this multi-pronged strategy are the Board Self-Assessment and the Presidential Evaluation, both of which are conducted annually as per newly-revised Board Policies, BP 1-5 *Policy on Board of Trustees’ Self-Evaluation* and BP 2-12 *Evaluation of College President*. (Appendix Q and Appendix R, respectively).

Though these evaluations were both routinely used in the past, neither had been administered recently. In February and March 2017, a newly-refined Board Self-Assessment was created and administered by the College’s Office of Institutional Planning and Assessment, but only five trustees participated. The increased commitment of the current Board to regular self-assessment is evidenced by their full participation in the FY 2018 Board Self-Assessment which was administered in December 2017. This anonymous survey was developed and administered by the Association of Community College Trustees (ACCT), retained by the College to aid with Board training and to facilitate the Board and Presidential evaluations. ACCT also led the creation of an action plan to address some of the areas of concern indicated by the aggregate results of the FY 2018 Board Self-Assessment (Appendix E). The primary purpose of this action plan is to take steps to enhance the Trustees’ effectiveness in executing their role in shared governance at ECC. A detailed discussion of the survey results may be found in VIII. 1., above.

The guidelines of the Association of Governing Boards of Universities and Colleges\* as well as by ACCT recommend that the Board of Trustees determine and execute an annual process to evaluate the President. Recognizing the value of them, and as noted in IX., 1, D. above, annual performance objectives were established and formed the basis of a Self-Evaluation report completed by Dr. Munroe in January 2018 and the mid-year Presidential Evaluation completed by the Board in February 2018.

These two evaluations are fundamental in determining the effectiveness of leadership and governance at Essex County College and they are supplemented by:

- A. The evaluation of full-time administrative personnel. These evaluations are conducted as per Board Policy 2-2 *Evaluation of Administrative Personnel* (Appendix S) as well as following provisions outlined in the Essex County College Administrative Association’s Collective Bargaining Agreement;



- B. Administration of the Personal Assessment of the College Environment (PACE) survey. This instrument – which measures the campus climate as related to institutional structure, supervisory relationships, teamwork, and more – was last administered during March and April 2017 and was customized to include 20 questions designed to directly measure full- and part-time employees’ opinions about institutional leadership and governance (see executive summary of *FY 2017 PACE Survey Results* in Appendix T). Results of the FY 2017 PACE survey were shared with both Cabinet and the Board in August 2017 and were posted on the College’s SharePoint site, which can be accessed by all full-time ECC employees. The next time PACE is scheduled to be administered is FY 2021.
  
- C. Administration of the Community College Survey of Student Engagement (CCSSE): Results of this survey, which was administered to a randomly-selected group of ECC students in February 2018, are expected to be received by the College by the end of April 2018. Aggregated survey results, some of which are at least indirectly related to student perception of the College’s leadership and governance, will inform Cabinet-level discussions and will guide administrators to develop action plans to address issues identified by students in their respective Areas and Departments.

#### X. Standard 4 Summary

When the Commission, in its November 16, 2017 letter, noted that there were deficiencies in collegial governance, it came as no surprise to those involved in governing and managing the College. Following a period of much publicized discord, relationships were strained, and they were impacting the efficient operation of the institution as well as in its ability to remedy other problems, especially in the areas of finances and financial controls.

Even before the Commission letter, steps had been taken to repair the rifts and to substitute collegial discussion for rancor. As an educational institution, it was obvious that the better educated and trained administration and Board members were, the easier it would be to approach problems with the shared goal of achieving an objective solution. The two-day November combined Board-administration attended series of presentations and discussions, the Board retreat in December facilitated by ACCT, and the continuing training by the College and ACCT are showing strong signs of helping all parties achieve that goal. The latest survey of Board members indicates a much higher level of understanding of their role and greater satisfaction with their relationship with administration, specifically with the President.

## Conclusion

In this Monitoring Report, Essex County College is confident that it has demonstrated the extraordinary measures it has taken to bring it into compliance with all aspects of Standards 3 and 4 of *Characteristics of Excellence*. The processes and practices the institution has established will serve it well for many years. There are improved internal financial controls, budgets and audits are being completed in a timely manner, and several critical positions have been filled. However, the key to the College's long-term health and improvement is the significant advances in the level of cooperation between all levels of governance. Maybe the leading indicator of that change is that the members of the Board of Trustees are interacting among themselves and with the administration in a much more collegial and well-versed manner.

The Commission's November 16, 2017 letter was informed by the team visit the month earlier. Perhaps the most difficult statement in that report to accept was, "During the visiting team's time on campus, it was not clear that there is a cohesive relationship between the President and the Board of Trustees raising concerns whether the governance of the institution can effectively address the college's fiscal issues." Not that it wasn't seen as accurate, it is simply difficult to face the fact it was human failing that was preventing the College from proving that it could meet reasonable standards. Students were being well educated but individual, relatively mundane issues could not get resolved because of a systemic defect in the system.

For nearly two years, ECC has been subject to MSCHE sanctions and the November 16 letter meant that it must immediately and vigorously continue to address the list of Standard 3 and Standard 4 deficiencies that remained. Fortunately, its actions had resulted in the Commission finding that there was renewed compliance with Standard 8. The comment about the lack of a cohesive relationship between administration and the governing authority required that an additional path be followed, and the College did so. In November, it organized a two-day retreat for the Board and Cabinet members that included a presentation by the New Jersey Council of County Colleges about laws and regulations applicable to their roles. To maintain the momentum in educating Board members and helping them grow in their roles, the Association of Community College Trustees (ACCT) was asked by the College to facilitate another two-day session for the Board and it was held in December. The success of all these activities may best be summed up with a quote from the ACCT Board Governance Consultant:

"Within a matter of months, the Board with the support of President Munroe has gone through an extensive effort to participate in training, the review of Board policies and by-laws, developing plans to address the significant drop in enrollment and declaring fiscal exigency. One must applaud the effort of this new Board to accelerate the learning process, build trust, and win the respect of the College and the community at large."

Given the Commission's finding of noncompliance with Standards 3 and 4, the only way for Essex County College to regain its status of being in compliance with all 14 Standards of *Characteristics of Excellence* is by acknowledging and recognizing that previous efforts at improvement have not

met that goal. In this Monitoring Report, the College has marshaled the efforts that it has made in the brief time since the last Commission action, demonstrating not only compliance but a renewed dedication to seek excellence in all areas of its operations.

That dedication starts with, and in some ways ends with, the members of the Board of Trustees. The rejuvenated Board, with five new members and a new chair, have certainly accepted that responsibility. To improve their understanding of their responsibilities, they attended two, multi-day retreats, one of which involved the President and administration, and learned, among other things, about the laws and regulations affecting them and techniques for effective Board and Presidential assessment. An annual self-assessment of the Board members and the Board's mid-year assessment of the President have been completed and will be conducted each year in accordance with newly revised Board Policies.

They have looked at their policies and created or changed twelve of them in the past five months. Among other topics, they deal with fund balances, Board and Presidential assessments, and the Board's Code of Ethics. Modifying these fundamental tenets indicates their willingness to do whatever is necessary to improve the College. The Board has also worked very closely with the President, providing a guiding philosophy and other input to the comprehensive *Fiscal Exigency Plan* that they approved at their last meeting. The Plan includes difficult human resource decisions that are required as ECC meets the challenges imposed by several years of enrollment declines and State allocations that have not kept up with expenses.

To better inform management decisions made by the administration, President, and Board of Trustees, the College systematically seeks and utilizes input from the shared governance structures including the Deans' Council, Institutional Operations Council, Student Affairs Leadership Team and seven faculty-led Governance Committees. While many decisions have to be made at the highest levels of governance, there is clearly a process for all constituencies to be heard.

Since at least FY 2014, each annual audit has revealed exceptions and they have been resolved by actions that remedied the issues, as confirmed by subsequent year audits. The FY 2017 audit showed no material weaknesses, but there was a substantial deficiency noted for failure to have a properly documented month-end closing process that included a general ledger reconciled monthly to underlying accounting records. Seeking to ensure that the elements that led to that finding were corrected, the College changed the process for journal entry review and approval, applied a formalized general ledger account reconciliation process, enhanced and increased Banner training, and designed and implemented a month-end close checklist.

The habitual lateness in the submission of information to the auditors has ended and the latest audit was submitted ahead of schedule. The newly appointed acting CFO, filling a vacancy that existed at the time the visiting team arrived on campus, and his deputy are confident that these improvements, along with greater use of Banner modules have alleviated the issues. Two consulting firms have been engaged to evaluate deficiencies, and, now that they have been

addressed, will work with the College to continue the process of improvement. This is not a once-and-done approach.

There have been difficulties with the timely development and approval of annual budgets and they have been late for several years. The former process has been supplanted by one that follows a timeline found in a newly-written *Budget Development Manual* and is based on assumptions from a three-year projection of enrollment, revenue, and expenses. Following this process resulted in a FY 2019 budget that was completed significantly earlier than in prior years. The County of Essex has assisted the College with a one-time \$1.5M payment in FY 2018 and an increase in base funding of \$1.25M beginning in FY 2019. The budget is tied to the *Fiscal Exigency Plan* approved by the Board and reflects the Board and President's commitment to take the required actions to maintain the fiscal stability of the College.

In *Characteristics of Excellence in Higher Education*, while discussing the application of the Standards, it was noted that “Judgment is important in applying [the Standards]” and “[I]nstitutions and teams should remember to consider the spirit of the institution and the spirit of the accreditation standards as a whole, rather than applying these specific elements and ‘fundamental elements’ piecemeal.” Essex County College is in no way suggesting that anything short of full-compliance is compliance, only that there is no single, individual act that is required for compliance. It is safe to say that there is not a single institution that could not improve its processes or outcomes. Fortunately, perfection is not an element of any of the Standards and the College has shown that it does meet all requirements found in the Standards and has fully complied with all the Commission's requests and requirements.

## **APPENDIX A**

### **Preparation of the Annual Operating and Capital Budgets**

In October or early November preceding the beginning of the next fiscal year, budget planning must begin due to the extended timetable to reach an agreed upon budget for Board review and approval by March.

The budget process to use to receive and summarize requests will be discussed at the Cabinet level and when agreed upon, the operating and capital requests will be prepared, completed and sent to the CFO. These requests will be summarized and be presented to cabinet for further review. The total value of the request cannot be properly evaluated without agreement as to the revenues expected to be received by the College. Different revenue options should be prepared to include the tuition increase, if any, and the enrollment growth or decline, and the extent of governmental aid from the state and the county. Once you have agreement on the revenue base, you can move forward on whether the spending request is over budget or there will be a positive budget contingency.

Please note that personnel and fringe consume 84% of the budget. If you need to balance the budget, reducing non-personnel requests such as travel, supplies, and others is usually not the answer. New personnel requests should be extracted from each budget request and summarized on a separate schedule. Please note also that the Finance Area must calculate the fringe cost for each new personnel request. The schedule of new requested personnel usually becomes the cutting board in order to balance the budget.

The traditional month to present to the Board next year's budget is the March Board meeting. If there is a tuition increase included in the revenue base, you must schedule a meeting with students prior to the Board meeting to avoid criticism. The March Board meeting should also include a tuition and fee schedule if there are any increases. The approved budget must also be presented to the Board of School Estimate, who has the responsibility to fix the County operating and capital aid for the new fiscal year.

# BUDGET DEVELOPMENT OVERVIEW

## INTRODUCTION TO THE BUDGET PROCESS

This manual describes the policies and procedures that will be followed for preparing FY2019 operating budget. The budget is a comprehensive and coordinated financial plan that provides support for all educational and general operating programs, student activities and auxiliary services. This manual

1. Describes the budget philosophy that guides the budgetary decision making process,
2. Summarizes the responsibilities of the various participants in the budgetary process,
3. Outlines the steps of the budget process,
4. Presents guidelines and instructions for completing the budget request,
5. Provides the outline format that all completed budget request packages should follow,
6. Gives a calendar of events for the preparation of the budget,
7. Provides supporting attachments to clarify how to prepare budget submittals, budget preparation and planning.
8. This manual includes detailed instructions on how to prepare your budget so that it communicates how it supports departmental/divisional activities and priorities, as well as the College's strategic plan for the upcoming fiscal year.

## OBJECTIVE OF THE OPERATING BUDGET

The budget expresses in financial terms the institution's plan for following its mission and meeting specific planning objectives. Specifically, the ECC budget process is designed to accomplish the following:

- Resources allocated based upon the College's mission, goals, and strategic planning initiatives.
- Effective financial planning and analyses.
- Allow flexibility while enhancing internal controls.
- Empower individual cost center managers.
- Promote ownership and responsibility for the use of financial resources.
- Promote creative and innovative delivery of programs and services.
- Encourage cooperation among cost center managers and across divisions.

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### ROLE OF THE BUDGET OFFICE

The Budget Office coordinates budget activities among operating units, works with the planning staff of constituent groups, develops the schedule for preparation and implementation of the budget, coordinates the database for budgeting, prepares the budget for presentation to the governing board, and is responsible for developing and implementing a system of budget control and analyses.

### PROCEDURE

1. Developing the Operational Budget
2. Budget Control
3. Post-Performance Review
4. Budget Structure
5. Budget Process

### DEVELOPING THE OPERATING BUDGET

#### Overview

- A. Determination and communication of budget guidelines.
- B. Estimation of revenues and expenditures.
- C. Preparation and development of preliminary budget requests.
- D. Internal budget hearings with cost center managers
- E. Presentation of the budget to the governing board and adoption of the institutional budget.
- F. Summary.
- G. Special conditions affecting the budget process

#### **A. Budget Guidelines**

Budget guidelines influence preparation of the budget and indicate the institution's position on such items as salaries and wages, benefit rates, tuition rates, program enhancements, contractual services, and implementation of new programs.

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### **B. Estimation of Revenues and Expenditures**

- 1) The Governor and legislature determine the full amount of State Aid to be shared by the community colleges. The State Aid amount allocated to each institution is based on a specific funding formula.
- 2) County contribution is estimated with the realization that such support ultimately depends on actions of the Board of School Estimate and Board of Chosen Freeholders.
- 3) Tuition and fees is based on projected credit, Board of Trustees approved tuition and fees rate, and guidelines established by the State of New Jersey.
- 4) Miscellaneous income is extrapolated based on past and current trends.
- 5) Estimates of revenues for auxiliary enterprises (Bookstore and Food Service) are based on enrollments and past experience in the operations of these units.
- 6) In estimating expenditures, general goals and objectives established in the strategic plan and specific instructions of the President for developing the annual budget should guide Cabinet in preparing budget requests. The annual operating budget should provide for contingencies. The amount in contingency accounts depends on available resources, past experience, and extent of economic and other uncertainties at the time the budget is prepared. If resources are insufficient to accomplish objectives of the strategic plan, the base of support must be increased or the plan must be cut back. Authority for assigning contingency funds is vested with the President.
- 7) Because of the significance of sponsored programs (grants and contracts), separate estimates are made for revenue and expenditures related to them. The magnitude of these programs affects other resources, such personnel and both equipment and facility utilization. Budgets for grants and contracts are adjusted during the year as new projects are undertaken and others are terminated. The use of these funds is restricted by the grantor. Matching funds, direct and indirect, must be budgeted appropriately.
- 8) When revenue has been estimated and expenditure guidelines have been determined, it is possible to provide the Cabinet with a predetermined amount that their budget requests should not exceed. Prior to formal preparation of the budget, a set of budget guidelines is distributed to operating units of the college. Based on these guidelines, each unit prepares an expenditure budget request that includes justification for the request.

### **C. Preparation and Development of Preliminary Budget Requests**

- 1) Before forms are distributed, allocations are made to area heads and others. Future strategic planning initiatives, enrollment trends and historical data should be closely reviewed.
- 2) Upon completion, departmental budget forms are submitted to the appropriate area head, reviewed and then submitted to Finance. Budget meetings should be held with each area head for individual budget review and adjustments.
- 3) A preliminary institutional budget, based on requests by each budget unit, is prepared by the budget office and presented to the Cabinet.

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### D. Internal Budget Hearings with Cost Center Managers

After budget requests have been prepared, internal budget hearings are initiated between the President and the Cabinet. During these discussions, questions concerning funding for strategic planning initiatives, program efficiency and the need for adequate program resources are reviewed. If budget cuts are envisioned, these discussions may require a more detailed review.

### E. Budget Presentation the Board of Trustees and Adoption of the Operating Budget

- 1) Presentation of the budget to the Board of Trustees includes a comparison of the proposed budget with budgets of previous years, explanation of major changes, funding for strategic planning initiatives, and descriptions of programs added or eliminated.
- 2) Once the Board of Trustees and the Board of School Estimates have approved the budget, a copy of each unit's approved budget is sent to the area head.

### F. Summary

- 1) Budget development is a participatory process.
- 2) Issuance of budget guidelines comes from the top down.
- 3) Preparation of budget requests for each department, however, comes from the bottom up.
- 4) Budget submittals must be linked to strategic planning initiatives.
- 5) Budget hearings ensure good communication.
- 6) The Budget Office assists all units during budget preparation.
- 7) The Budget Office reviews all budgets for compliance and compiles the institutional budget.
- 8) Budgets are thoroughly reviewed before submission to the Board of Trustees.

### G. Special Conditions Affecting the Budget Process

Special conditions must be considered in the development and implementation of the budget.

Unanticipated shortfalls in revenues or expenditure increases can force the institution to make reductions in previously approved budgets as needed. Approved adjustments should be based on program and College-wide priorities.

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## BUDGET CONTROL

### Overview

- A. Purpose and responsibility for budget control
- B. Budget reports
- C. Budget and accounting
- D. Budget revisions
- E. Summary

### A. Purpose and Responsibility

- 1) An essential element of budgeting is the establishment of effective budget control. Without adequate controls, the utility of a budget is substantially reduced. A principal purpose of budget control is to ensure that expenditures do not exceed revenues or deviate significantly from policy.
- 2) The Budget Office has the responsibility for overall institutional budget control, including responsibility to call attention to major departures from budget allocations and to take appropriate follow-up action. Area heads, however, have primary responsibility for control of expenditures within their budget unit and must ensure that appointment of personnel and salaries involved do not exceed budget allocations. In addition, non-personnel operating funds should not exceed amounts allocated for these purposes. Area heads must also plan expenditures for their units so that allocations will last through the entire fiscal year.
- 3) In exercising budget control, some type of position control is essential. This involves the Budget Office's review of all requests to fill vacant positions or adjust salaries to determine the availability of funds.

### B. Budget Reports

Budget control is normally implemented at the institutional level through the use of budget reports. There are two levels of budget reporting. One is at the department level and the other is at the institutional level. Access to Banner Software and online reports are available to review up-to-date budget and expenditures for programs. At the institutional level, a report of operations and variance analysis is prepared at least monthly. Variance is defined as the difference between planned and actual performance.

### C. Budgeting and Accounting

The utility of the budget as a management and control device is lost if budget controls are not an integral part of the accounting system. Integration of budgetary control within the accounting system ensures fiscal integrity.

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### D. Budget Revisions

The budget is a dynamic financial plan which consists of a series of estimates, many of which are prepared months in advance of the fiscal period to which they relate. Since conditions change with the passage of time, there should be continuous review of data on which budget estimates are based. The budget should be revised periodically so that it always represents an up-to-date estimate of revenues and expenditures.

### E. Summary

- 1) Budgetary control is important to ensure that expenditures do not exceed revenues or deviate significantly from policy.
- 2) Area heads are responsible for planning expenditures to ensure that budget allocations will last the entire fiscal year.
- 3) The Budget Office must review all requests to fill, promote or adjust the salary of a position to determine if adequate funds are available.
- 4) The budget is a dynamic financial plan that requires continuous review and revision to reflect an up-to-date estimate of revenues and expenditures.

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## POST-PERFORMANCE REVIEW

Post-performance review involves critical analysis of a completed budget period and focuses on the following elements:

- a. Budget versus actual expenditures and revenues.
- b. Evaluation of budget revisions.
- c. Achievement of goals and objectives.

The results of the post-performance review should be summarized and presented to the President and, ultimately, the Board of Trustees. These results are useful in developing subsequent budgets and other plans.

### **A. Budget Versus Actual Expenditures and Revenues**

The purpose of reviewing budgeted versus actual expenditures and revenues is to examine the areas in which variances from the budget occurred and to determine the reasons for these variances. This information can be useful in assessing financial estimates contained in the institution's planning documents and in making more realistic budget estimates for subsequent budget periods. All analyses of variances between budgeted and actual amounts also encourage institutional managers to assess the consequences of either underestimating or overestimating revenues and expenditures. For example, if enrollment estimates and tuition revenue exceed the projected level, the result can be overcrowded classes and a strain on support services. Conversely, if enrollment is below the projected level and tuition revenue is overestimated, this can result in the hiring of unnecessary personnel and operating costs in excess of revenues.

Variances in institutional expenditures may also result from unrealistic budget estimates. Favorable variances can mean that a budget unit was able to reduce its costs by operating more efficiently, or that the unit was unable to achieve some of the goals set for it at the start of the budget period.

Unfavorable variances occur when expenditures exceed budgeted amounts. If the budget is not balanced by the addition of new revenue, the institution will run a deficit for the year.

Good planning and budgeting, therefore, require that all budget variations be analyzed and that this analysis be used in developing subsequent plans and budgets.

### **B. Evaluation of Budget Revisions**

During the budget period, a number of revisions may have been necessary to adjust the budget for changes in actual expenditure patterns and meeting unanticipated needs. As part of the budget review, it is useful to examine the rationale underlying these revisions and to assess their effect on subsequent institutional plans and budgets.

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There may be good reasons underlying budget revisions, however it is important that they be substantiated, since they can affect the way in which future budgets are constructed. In a similar manner, a revision occurring during one budget period, such as the establishment of a new position, can result in a recurring commitment of funds in future budgets. A review of budget revisions can, therefore, yield valuable information for developing future plans and budgets.

### C. Achievement of Goals

Another aspect of budget review attempts to ascertain whether strategic goals set for the institution were achieved during the budget period. Estimates of institutional revenues and expenditures should be compared to actuals and an analysis made of reasons for significant variations. An examination should be conducted to determine whether goals, such as provisions for certain types and level of services, were achieved. If a unit, for example, had anticipated generating a certain number of student credit hours and fell short of this goal, an analysis of factors underlying this discrepancy could be useful in developing future plans and budgets.

The contingency fund deals with emergencies, it is useful to examine the extent to which this fund was used. If the fund was inadequate to meet contingencies, additional funds may need to be budgeted for future periods. If the contingency fund is relatively untouched, it may be more productive to use a portion of the fund for other purposes.

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## BUDGET STRUCTURE

The budget structure is designed to enhance the ECC budget process to achieve the following objectives:

- a. Properly allocate expenses to departments based upon projected enrollment, service levels and strategic planning initiatives.
- b. Make the budget process and management credible and flexible.
- c. Provide area heads with more budget authority and responsibility.
- d. The use of object codes that accurately track revenues and expenditures is a requirement.
- e. Structure the educational and general budget in accordance with National Association of College and University Business Officers (NACUBO) functional areas as follows:
  - Instruction
  - Academic support
  - Public service
  - Scholarships
  - Student services
  - Institutional support
  - Plant
  - Transfers

The ECC chart of accounts and object codes have been reviewed and restructured appropriately. Account numbers identify fund, source, function, division, department, GL class type, and object code. Object of expenditures are classified within the following categories:

- 61XX – Salaries and wages
- 62XX – Benefits and other personnel costs
- 7XXX – Non-Personnel Cost

Please refer to Essex County College chart of accounts (Business & Finance Procedure 02.02) for complete listing of all accounts, as well as additional information on established account numbers and object codes.

The next step is to define budget policy and process to achieve the following objectives:

- Link the budgeting process with strategic planning initiatives.
- Develop integrity in the budget process by building realistic budgets.
- Hold cost center managers responsible for managing their budget.
- Provide cost center managers incentive to be cost effective by allowing greater budget authority and flexibility.
- Provide transparency.

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- Provide useful financial information.
- Budget expenses appropriately.
- Provide effective budgetary control at the department, division, and institutional levels.
- Enhance institutional fiscal operations.

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## BUDGET PROCESS

### 1. Establish Revenue Parameters

- A. Institutional Planning & Assessment with the assistance of Enrollment Management division head, develops the enrollment projections.
- B. The Budget Office develops revenue parameters taking into consideration the enrollment projections developed by Institutional Planning & Assessment, tuition and fee rates, projected State and County operational funding, as well as other revenue streams.

### 2. Establish Executive Budget Priorities

- A. Board of Trustees identifies issues and priorities to be addressed in the budget.
- B. The President also identifies additional issues and priorities to be addressed in the budget.

### 3. The Budget office meets with Area/Division heads and distributes budget packages. Area/Division heads develop budgets within established parameters.

The following documents are included in the budget package:

- The Budget Preparation Manual.
- Budget worksheet for each object code classification.
- Budget forms for justification of all categories of expense.
- Information about, Chapter 12, Minor capital, etc.
- Budget Preparation Calendar

### 4. Area/Division heads make aggregate allocation to their divisional dean or directors. Deans make aggregate allocations to their departments. Department managers or Directors develop budgets within established parameters, using the information included in budget package and other information provided by respective area heads.

### 5. Directors, Deans and Area heads are required to work with the Budget Office during budget development for assistance and guidance through the process.

### 6. Upon completion, departmental budgets are submitted to the appropriate Area heads. Budget meetings should be held with each department head for individual budget review and adjustment. After individual department review and adjustments are done, Area head will submit budget to the Budget office.

### 7. The Budget office performs the following tasks:

- Reviews budgets for errors.
- Compiles entire budget.
- Submits budget to President for approval.

### 8. President conducts budget reviews with the Budget office.

- President directs adjustments, if necessary.

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- 9.. President and Budget office present total budget to the cabinet.
  - President directs adjustments, if necessary.
10. President and Budget office present budget to the Board of Trustees Finance and Budget Committee for approval.
  - Finance and Budget Committee directs adjustments, if necessary.
11. Chairman of the Finance Committee and President present budget to the Board of Trustees for approval.
12. Chairman of the Board of Trustees and President present the budget to the Board of Chosen Freeholders for information.
13. Chairman of the Board of Trustees and President present the budget to the Board of School Estimate for approval.
  - Board of School Estimate directs adjustments, if necessary.
14. Approved budget documents are distributed to the various Area/Division and other departments.

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## ANNUAL BUDGET TIMELINE

Stakeholders	July	August	September	October	November	December	January	February	March	April	May	June
<b>BUDGET &amp; FINANCE</b>		Budget variables analyzed for next year		Review projections for all revenue sources, make adjustments as necessary			Mid-year review and projections of End of Year outcomes	Receive information regarding anticipated State funding				
	Post initial General Fund Budget	Adjust allocations if necessary	Working budget is sent for review to Cabinet			Budget materials prepared for Trustees						
	Year-end processing in Banner		Compare actuals to projections		Generate Budget request documents for Area Heads	Conduct meetings with Area Heads to review requests						
<b>PRESIDENT &amp; CABINET</b>	Review strategic priorities and budget from prior year			Discuss Budget assumptions	Discuss/ Review initial Budget	Review/ Approve Budget	Review Area Head requests and full Budget; Submit for Board of Trustees approval			Discussion of items requiring Budget reallocation	Approved budget distributed to College community	
					Discuss potential Chapter 12 Funding							
<b>BOARD OF TRUSTEES</b>					Review Budget model for next fiscal year			Budget reviewed and approved by Trustees				
					Review Chapter 12 Funding allocation & proposed projects			Chapter 12 funding and projects approved				
								Budget reviewed and approved by Board of School Estimates (BOSE)				

## BUDGET DEVELOPMENT OVERVIEW (Continued)

### BUDGET FORMS

The following **Personnel Request Form** and **Non-Personnel Budget Request Form** are completed by department administrators and provided to their respective Area Heads for review. All of the budget requests are collectively assessed and prioritized using the Resource Allocation Rubric (RAR). For reference, the Resource Allocation Rubric is included in the Appendix with the **Summary of ECC's Chapter 12 Funding** document.

The **Request for Budget Revisions Form** is submitted by administrators for budget changes needed after the budget has been developed.

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**ESSEX COUNTY COLLEGE**  
**Request for Budget Revision**

I hereby request that the budget of the \_\_\_\_\_

Name of Budget Unit

For the fiscal year \_\_\_\_\_ Date \_\_\_\_\_

Increase Existing Account					Decrease Existing Account				
Fund	Org	Acct	Program	Amount	Fund	Org	Acct	Program	Amount
<b>TOTAL INCREASE</b>				\$ -	<b>TOTAL DECREASE</b>				\$ -

APPROVALS			
<b>DIVISION/HEAD DEPT.</b>			
<b>BUSINESS AFFAIRS</b>	<b>DATE</b>	<b>AREA HEAD</b>	<b>DATE</b>

Rationale:



## APPENDIX C

### ESSEX COUNTY COLLEGE Non-Personnel Operating Budget Request FY 2019 (Complete one form per request)

**Area/Division:** \_\_\_\_\_

**Department:** \_\_\_\_\_

**Organization Code:** \_\_\_\_\_

**Total Amount:** \$ \_\_\_\_\_

**Strategic Directions:**

1. Student Success and Completion
2. Supporting High Quality Faculty
3. State of the Art Technology and Support Services
4. Modernized Facilities
5. Collaborative Partnerships with the Community
6. Organizational Culture
7. Resource Development

**Middle States Standards of Excellence:**

1. Mission and Goals
2. Planning, Resource Allocation, and Institutional Renewal
3. Institutional Resources
4. Leadership and Governance
5. Administration
6. Integrity
7. Institutional Assessment
8. Student Admissions and Retention
9. Student Support Services
10. Faculty
11. Educational Offerings
12. General Education
13. Related Educational Activities
14. Assessment of Student Learning

New Request Description and Rationale	Acct Code	Amount (+/-)	Strategic Directions <i>(Select from above)</i>	Middle States Standards <i>(Select from above)</i>

**Requested by:** \_\_\_\_\_  
 Printed Name Title Signature Date

**Approved by:** \_\_\_\_\_  
 Printed Name Title Signature Date

**Approved by:** \_\_\_\_\_  
 Printed Name Title Signature Date

**Approved by:** \_\_\_\_\_  
 Printed Name Title Signature Date

**Area Head:** \_\_\_\_\_  
 Printed Name Title Signature Date



## APPENDIX C

### ESSEX COUNTY COLLEGE Personnel Budget Request FY 2019 *(Complete one form per request)*

**Area/Division:** \_\_\_\_\_  
**Department:** \_\_\_\_\_  
**Organization Code:** \_\_\_\_\_  
**Account Code:** \_\_\_\_\_  
**Position Title:** \_\_\_\_\_  
**Budget Amount:** \$ \_\_\_\_\_

- Strategic Directions:**
8. Student Success and Completion
  9. Supporting High Quality Faculty
  10. State of the Art Technology and Support Services
  11. Modernized Facilities
  12. Collaborative Partnerships with the Community
  13. Organizational Culture
  14. Resource Development

- Middle States Standards of Excellence:**
15. Mission and Goals
  16. Planning, Resource Allocation, and Institutional Renewal
  17. Institutional Resources
  18. Leadership and Governance
  19. Administration
  20. Integrity
  21. Institutional Assessment
  22. Student Admissions and Retention
  23. Student Support Services
  24. Faculty
  25. Educational Offerings
  26. General Education
  27. Related Educational Activities
  28. Assessment of Student Learning

New Request Description and Rationale	Strategic Directions <i>(Select from above)</i>	Middle States Standards <i>(Select from above)</i>

<b>Requested by:</b> _____			
Printed Name	Title	Signature	Date
<b>Approved by:</b> _____			
Printed Name	Title	Signature	Date
<b>Approved by:</b> _____			
Printed Name	Title	Signature	Date
<b>Approved by:</b> _____			
Printed Name	Title	Signature	Date

**Area Head:** \_\_\_\_\_

## APPENDIX D

Type of Resource Requested:  Financial  Personnel  Facilities (Space)  Other \_\_\_\_\_

### Resource Allocation Rubric

#### Essex County College

Criteria	0	1	2	3
Relationship to Mission Statement	No alignment with Mission Statement	Minimal alignment with Mission Statement	Moderate alignment with Mission Statement and supported with data	Strong alignment with Mission Statement and supported with data
Relationship to Strategic Plan	No alignment with any Strategic Direction	Minimal alignment with one or more Strategic Direction	Moderate alignment with one or more Strategic Direction and supported with data	Strong alignment with one or more Strategic Directions and supported with data
Need identified during institutional effectiveness, program, general education or course-level student learning outcomes assessment process	No need identified during assessment process	Issue minimally addressed in assessment report without supporting data	Recommendation made in assessment report, which includes supporting data that is insufficient	Recommendation made in assessment report, which includes supporting data that is detailed and meaningful
Relationship to Operational Plans – i.e., Information Technology Master Plan, Facilities Master Plan, and/or Enrollment Management Plan	No alignment with any of the Plans	Minimal alignment with one or more of these Plans	Moderate alignment with one or more of these Plans and supported with data	Strong alignment with one or more of these Plans and supported with data
Need identified which impacts the experience of a substantial number of students/College personnel	No measurable impact on the student/personnel experience	Minimal measurable impact on the student/personnel experience	Moderate measurable impact on the student/personnel experience	Significant measurable impact on the student/personnel experience

Criteria	0	1	2	3
Need identified which impacts the achievement of student learning outcomes or administrative unit outcomes	No measurable impact on the achievement of student learning outcomes or administrative unit outcomes	Minimal measurable impact on the achievement of student learning outcomes or administrative unit outcomes	Moderate measurable impact on the achievement of student learning outcomes or administrative unit outcomes	Significant measurable impact on the achievement of student learning outcomes or administrative unit outcomes
Improved institutional processes and procedures	No measurable benefit related to the efficiency of institutional processes and procedures	Minimal measurable benefit related to the efficiency of institutional processes and procedures	Moderate measurable benefit related to the efficiency of institutional processes and procedures	Significant measurable benefit related to the efficiency of institutional processes and procedures
Implications on health, safety, and liability	Does not address a health, safety, and/or liability need	Addresses a minor health, safety, and/or liability need	Addresses an impending health, safety, and/or liability need	Addresses an immediate health, safety, and/or liability need
Implications on accreditation	Does not address any accreditation mandate	Minimally addresses an accreditation mandate	Moderately addresses one immediate or minimally addresses multiple impending accreditation mandates	Significantly addresses one immediate or moderately addresses multiple impending accreditation mandates
Meets regulatory and legislative requirement	Does not address any regulatory and legislative requirements	Has minimal relationship with regulatory and legislative requirements	Moderately addresses regulatory and legislative requirements	Essential for meeting regulatory and legislative requirements
Critical significance	If not approved, will not impact College services	If not approved, will have only minor impact College services	If not approved, will have some moderate impact College services	If not approved, will critically affect College services
Fiscal stability/responsibility	Resource recommendation would generate a substantial negative fiscal/enrolled credit hour impact	Resource recommendation would generate a low to minimal negative fiscal/enrolled credit hour impact	Resource recommendation would generate a no fiscal/enrolled credit hour impact (i.e., budget neutral)	Resource recommendation would generate revenue/enrolled credit hours or savings



Criteria	0	1	2	3
Resource implementation plan	Request provides minimal details as to when, what, and how the resources will be used to accomplish specific need; no implementation plan is given	Request provides minimal details as to when, what, and how the resources will be used to accomplish a specific need; a vague implementation plan is given	Request provides most details as to when, what, and how the resources will be used to accomplish a specific need; a rough implementation plan is given outlining the steps needed to meet the specific proposal timeline	Request provides full information as to when, what, and how the resources will be used to accomplish a specific need; a detailed implementation plan is given outlining the steps needed to meet the specific proposal timeline; provides an assessment strategy (if applicable)

## **APPENDIX E**

### **Board Self-Assessment**

The Board of Trustees made the commitment to participate in an annual formal self-evaluation process. ACCT developed a customized instrument, distributed it to each Board member, collected and analyzed the data and prepared a summary report. The summary report below provides a baseline for future comparison and self-improvement. In addition, the data gathered in December 2017 was compared with the February-March 2017 Board self-evaluation results.

Concerns expressed included lack of accountability, not consistently adhering to policy and procedures, divisiveness, weakened internal financial controls, accusations of political interference and decisions being influenced by political agendas. While it is understood that there has been a number of changes among the individuals serving on the Board of Trustees, it was necessary to administer a new Board self-evaluation in December 2017. Thus, the associated summary report provided a clear message of the need for improvement and a basis of comparison with the new Board and the progress made in a short period of time.

## Highlights from the December 19, 2017 Board Self-Assessment (Evaluation):

Essex County College

December 19, 2017

Prepared by the Association of Community College Trustees  
Board Leadership Services  
Washington, DC

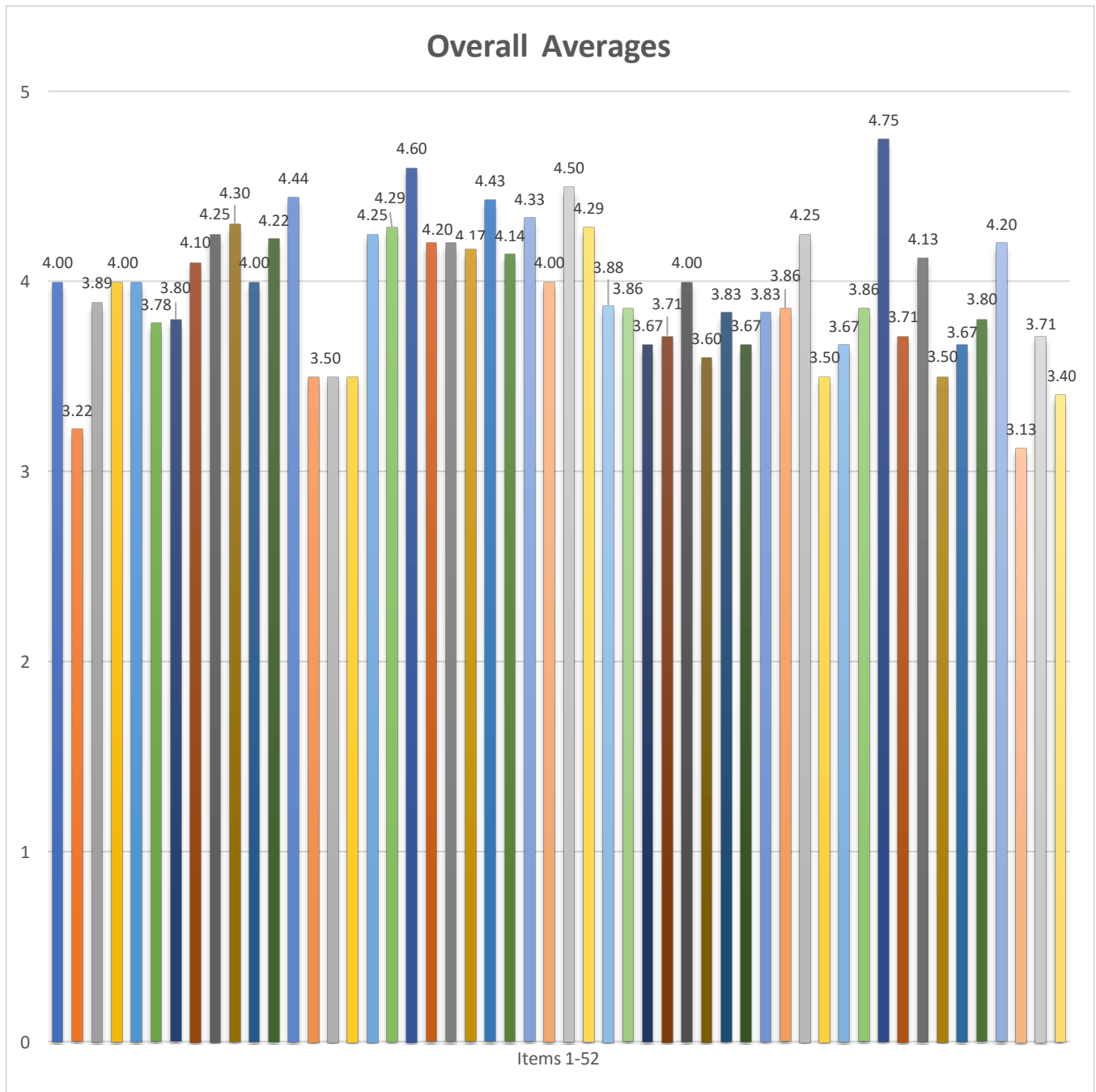


The Association of Community College Trustees (ACCT) is pleased to assist the Essex County College Board of Trustees with its Board self-evaluation process by preparing this summary report. This report is based on an assessment instrument distributed to the entire Board on December 1, 2017. Ten Trustees participated in the assessment process.

Essex County College conducted a self-assessment earlier in 2017. Since that time the Board has seated 6 new Trustees. This assessment instrument differed by category though some similarities in overall themes were assessed. This instrument should serve as a baseline for the current Board and future assessments can be compared to these results.

One goal of the Board Self-Evaluation (BSE) is to strengthen the Board's unique leadership role and partnership with the President. The BSA helps to set standards, clarify expectations, and serves as an example of the Board's ongoing commitment to accountability and continuous improvement. . The report provides an overall assessment of the Board as one unit, and reinforces the role of the governing Board. The BSE is designed to assess key characteristics of effective governance and the readiness of the Board of Trustees to undertake leadership in promoting student success. The BSE includes 52 items across eleven categories. Items within each category are rated on a scale of 1 to 5, with 1 indicating the extent to which respondents strongly disagree and 5 indicating the extent to which respondents strongly agree.

**Summary of Board Self-Evaluation**



**Notes:**

The overall average across all items was 3.95.

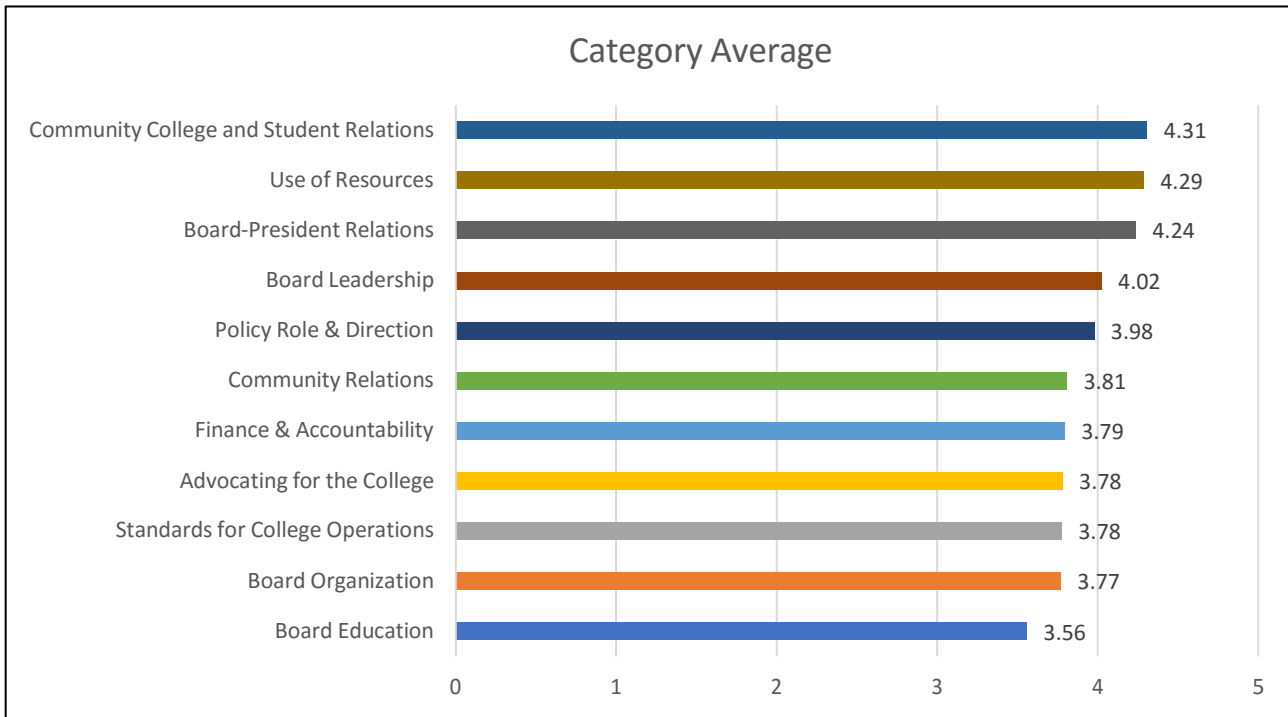
**Highest Rated Individual Items**

<b>Item</b>	<b>Avg. Rating</b>
43. I am comfortable expressing my own opinions during Board meetings.	<b>4.75</b>
19. The Board ensures the College complies with employment and non-discrimination laws and regulations.	<b>4.60</b>
27. Transparency and being visible is important to Board members in their role as a Trustee.	<b>4.50</b>
13. The Board is adequately informed about the important issues facing the College.	<b>4.44</b>
23. The Board ensures sound personnel policies and procedures are in place; gives recognition due to staff, faculty and administrators for accomplishments.	<b>4.43</b>
25. Board members show support for student and staff achievements by recognizing them during meetings and attending awards celebrations.	<b>4.33</b>
10. The Board clearly delegates the administration of the College to the President.	<b>4.30</b>

**Lowest Rated Individual Items**

<b>Item</b>	<b>Avg. Rating</b>
14. The Board ensures sound fiscal management, overseeing budgetary matters in a way that achieves more efficient and effective use of resources without compromising student success.	<b>3.50</b>
15. The Board ensures resources are allocated and prioritized to meet the College mission, goals, strategic plans and audits reflect appropriate management of financial resources.	<b>3.50</b>
16. The Board ensures accountability measures are in place to maintain quality and appropriate resource allocation to promote student success.	<b>3.50</b>
40. Through its behavior, the Board has set a positive example for the President and other employees.	<b>3.50</b>
46. The Board helps educate the local community about community college needs and issues.	<b>3.50</b>
52. Sufficient resources are allocated for Board members to attend conferences and community events upon invitation.	<b>3.40</b>
2. Board members are given timely and adequate background information on the issues they are requested to make decisions about.	<b>3.22</b>
50. Board members are engaged in a continuous process of training and development.	<b>3.13</b>

Averages per Category



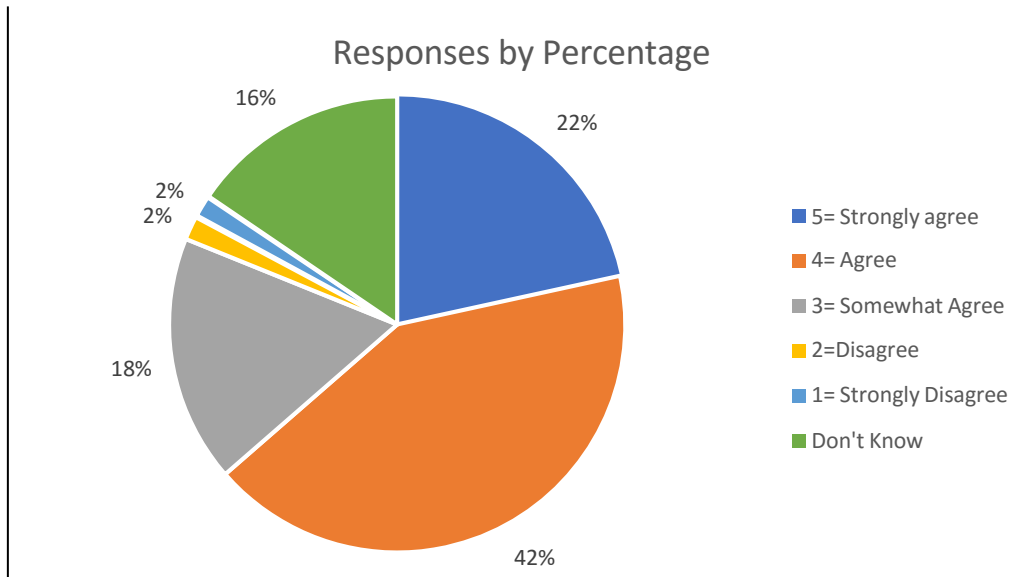
Category	Average Rating
<b>Board Education</b>	3.56
<b>Board Organization</b>	3.77
<b>Standards for College Operations</b>	3.78
<b>Advocating for the College</b>	3.78
<b>Finance &amp; Accountability</b>	3.79
<b>Community Relations</b>	3.81
<b>Policy Role &amp; Direction</b>	3.98
<b>Board Leadership</b>	4.02
<b>Board-President Relations</b>	4.24
<b>Use of Resources</b>	4.29
<b>Community College and Student Relations</b>	4.31

**Notes:**

The chart above displays the average ratings for each category. The table above displays the averages lowest to highest. The highest rated category was *Community College and Student Relations* (4.31), and the lowest rated was Board Education (3.56).

**Breakdown of Responses by Percentage**

Ten Trustees completed the assessment instrument which had 52 items for 520 possible total responses. Sixty-four percent of the responses were recorded as 4 (agree) or 5 (strongly agree). There were eight items rated as 2 (disagree), and seven items were rated as 1 (strongly disagree). Sixty-nine items received a “Don’t Know” response and 75 items were skipped. The chart below displays the percentages based on the number of responses (445).



Rating	# of Responses	% of Responses
5-Strongly Agree	96	22%
4-Agree	187	42%
3-Somewhat Agree	78	18%
2-Disagree	8	2%
1-Strongly Disagree	7	2%
0-Don't Know	69	16%
<b>Total</b>	<b>445</b>	<b>100%</b>
<b>Skipped</b>	<b>75</b>	

**Supplemental interviews:**

Interviews were conducted with some of the Trustees to determine their interest, motivation, and level of understanding of the concerns included in the Middle States Action taken on the College. All expressed a genuine commitment to serve the College and invest the necessary time to achieve a new chapter in the history of the College. All expressed pride in the College, the students, and the community and indicated a willingness to learn and be of service.

The Board reviewed the results of the Board Self-Evaluation and participated in a goal-and –priority-setting exercise.

As part of the review of the Board Self-Evaluation report the Board acknowledged and discussed the high number of “don’t know” answers and the fact that 75 items were left blank. This was attributed to the high number of new Trustees and they hope that by the end of the academic year all the Trustees will be able to respond to each item in the next Board Self-Evaluation. It is important to note that 64 percent of the items were given high/favorable ratings to the newly-constituted Board.

The Board has started the process of preparing an action plan to be finalized at the February Board meeting by assigning responsibilities and developing a timeline.

### **Board of Trustees Action Plan**

Goals/Priorities	Responsibilities and Tasks (TBD)	Timeline (TBD)
To successfully address all issues of non-compliance with the Middle States Standards and achieve sustainable stability, institutional integrity, and successfully advocate for the long-term success of the College		Submit MS monitoring report by March 1, 2018
To strengthen governance with a “student-first” focus to support the mission of the College, stabilize the enrollment decline, invest in student retention and completion by promoting student success and educational quality as a college-wide priority.		
To stabilize the financial health of the College while ensuring sound fiscal management.		
To participate in a year-long Board development training program to reinforce the fiduciary and legal responsibilities of the Board of Trustees, build trust, protect the interests of the College and serve as a buffer from undue external interference.	Chair of the Board and President to organize Board Retreat	Spring 2018





# Essex County College Fiscal Exigency Plan

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## FINANCIAL STABILITY PLAN (FSP)

Dr. Anthony E. Munroe  
PRESIDENT



## ESSEX COUNTY COLLEGE FISCAL EXIGENCY PLAN [FINANCIAL STABILIZATION PLAN (FSP)]

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### **Executive Summary**

Challenged by unprecedented adversity in a tumultuous environment, the Essex County College community continues to meet its mission of serving the diverse needs of students by offering comprehensive educational programs, training, and continuing education. The Fiscal Exigency Plan [Financial Stabilization Plan (FSP)] sets forth a path towards fiscal recovery and the stabilization of ECC's financial health. The Plan builds on improvement efforts already under way, identifying opportunities for change and providing realistic and actionable initiatives to meet the ultimate goal of fiscal stability.

### **Budget**

The primary immediate goals of the Fiscal Exigency Plan are to balance the budget within the next three years, begin replenishment of the fund balance, and allow for better cash flow. If the actions ten measures outlined in this Plan are implemented, these goals will be achieved. Furthermore, by adopting these measures much of the savings that are realized this year will continue in the future, which will result in a healthier annual financial outlook for Essex County College from this point forward in time.

### **Discussion**

ECC is a critically important resource that serves and provides opportunities to numerous individuals who reside in Essex County, the state of New Jersey, and beyond. The College has struggled in recent years to execute a balanced budget while staying true to its mission and delivering high-quality programs and services to our students. This Fiscal Exigency Plan describes the measures that should be taken in order to reset the operational budget to a sustainable level and put the College on a path toward a fiscally responsible and sustainable future, a goal which is embraced by the entire college community

ESSEX COUNTY COLLEGE FISCAL EXIGENCY PLAN  
[FINANCIAL STABILIZATION PLAN (FSP)]

**Background**

This Fiscal Exigency Plan [Financial Stabilization Plan (FSP)] responds to the Board of Trustees of Essex County College Resolution adopted on April 18, 2017. This Resolution is a declaration of fiscal exigency and so requires that the President recommend to the Board of Trustees a Fiscal Exigency Plan for Board approval, a plan which must describe the means by which the College will achieve a balanced institutional budget through future growth in revenue streams as well as reductions in expenditures. It is also prudent for the plan to include measures to be taken to reduce the FY 2019 and FY 2020 operating budgets, while insuring that primary consideration is given to the College's Mission and to providing the support necessary for student development, academic success, and program completion. The duration of the declared fiscal exigency will be directly correlated to the measure of ECC's progress toward sustainable and responsible institutional financial practices.

**Development**

In preparing this Fiscal Exigency Plan [Financial Stability Plan (FSP)], we have been and will continue to be guided by ECC's policies, regulations, and procedures, as laid out in the Board Policies, College Regulations, and Area/Department-specific manuals and handbooks. Close attention was given to College priorities, too, including the following:

- ♦ the Mission of the College and the educational and support needs of our students;
- ♦ reducing expenses by weighing institutional priorities or by doing so proportionally whenever possible; and

This Plan is designed to meet the following objectives:

- ♦ to ensure that ECC has enough unrestricted liquid net assets to fund operations until we become net cash positive;
- ♦ to provide a basis for short-term and medium-term financial and operational planning, which allows us to anticipate future financial challenges and to make adjustments in a timely manner to meet these challenges; and
- ♦ to gradually restore the ECC fund balance, which is necessary to provide a sustainable healthy financial future for the College.

Development Measures

The Board of Trustees declared a state of fiscal exigency at Essex County College in April 2017. In May 2017, a Fiscal Exigency Plan was developed by the acting President, but not voted on by the Board of Trustees. In November 2017, President Munroe solicited input and recommendations

for a fiscal exigency plan from members of the President's Cabinet. In December, the President held the first of several meetings with union leadership to discuss fiscal exigency and to solicit recommendations for a plan by early January 2018. The process for developing the plan was discussed with the Board of Trustees' Finance and Personnel Committees in January 2018.

In February 2018, the President held individual meetings with high-level members of the College's Administration to discuss details of a fiscal exigency plan. These meetings were held in the presence of representatives from the College's Legal, Human Resources, and Finance areas. The President also solicited a second round of proposals and input from the leadership of each recognized bargaining unit; followed by individual meetings with each unit's leadership to discuss each unit's proposal and input. These meetings were also held in the presence of representatives from the College's Legal, Human Resources, and Finance areas. Following the receipt of this input, the Plan's detail was finalized and an analysis of the affirmative action impact was performed. The plan was then presented to the Board of Trustees' Finance and Personnel Committees which each unanimously endorsed the Plan presented.

### **Fiscal Exigency Plan Measures**

The measures by which the College seeks to achieve a balanced institutional budget are as follows:

1. reorganizing/reassigning personnel at the College to reduce functional and operational redundancies, streamline personnel-related costs, and support potential growth areas;
2. implementing a hiring freeze for non-critical positions;
3. taking actions to increase or better manage existing sources of generated revenues including grant funding, as well as identifying new revenue opportunities;
4. taking actions to increase appropriation revenues;
5. increasing enrollment hours;
6. reducing non-salary operating expenses;
7. modifying and/or discontinuing some ECC programs in order to more efficiently and effectively allocate resources, which will then allow for investing in programs for which data indicates that growth trends are likely;
8. right-sizing the institution by adjusting staff after determining that associated services provided and institutional operations will not be unduly negatively affected;
9. implementing fiscally-responsible and efficient models to deliver various support services; and
10. sale of selected College assets.

### **Conclusion**

After years of struggling against an intractable deficit and significant turmoil, we understand that ECC needs transformational change. We cannot build a new ECC by continuing to conduct business as usual. This Fiscal Exigency Plan seeks to reduce administrative and operational costs, increase various revenue opportunities, address Areas/Departments that are underperforming, and ultimately reset the

operational budget to a sustainable level in order to permit strategic investment and growth as per our students' needs and the College's Mission.

The measures in this Plan are put forth because actions taken to date have failed to put ECC on a solid financial footing. Should our projections for costs and revenues be fulfilled, this proposed Fiscal Exigency Plan will balance the budget within three years (i.e., by the end of FY 2020), will begin replenishment of the fund balance, and will allow for better cash flow. The reduction of twenty positions and the closing of fourteen vacant positions is anticipated reduce the FY19 budget needs by approximately \$2.76 million. In addition, executing all elements of this Plan sets ECC up for healthier future fiscal outcomes. Pursuing the courses of action prescribed by this Plan will require the entire College community to come together with an engaged determination to weather the transition and to put all of our efforts into building a fiscally sustainable, more efficient Essex County College.

**Exhibit A**

**Fiscal Exigency Plan Personnel Actions –Board Resolution 4-10/2-2018**

<b>Employee ID #</b>	<b>Position</b>	<b>Action</b>	<b>Effective Date of Separation</b>
*****767	Director, MPT	Separation	June 1, 2018
*****927	Instructor, Nursing	Separation	September 1, 2018
*****737	Director, Corporate Training	Separation	June 1, 2018
*****619	Lecturer F, EOF	Separation	September 1, 2018
*****843	Associate Director, Public Safety Academy	Separation	June 1, 2018
*****606	Instructor, Nursing	Separation	September 1, 2018
*****999	Lecturer A, Humanities	Separation	September 1, 2018
*****105	Vice President of Administration and Finance	Separation	June 1, 2018
*****395	Assistant Professor, Business	Separation	September 1, 2018
*****916	Instructor, Humanities	Separation	September 1, 2018
*****399	Lecturer F, EOF	Separation	September 1, 2018
*****782	Assistant Professor, Biology	Separation	September 1, 2018
*****168	Lecturer F, WEC	Separation	September 1, 2018
*****029	Coordinator, Continuing Ed.	Separation	June 1, 2018
*****955	Lecturer A	Separation	September 1, 2018
*****027	Director, Evening and Weekend Services	Separation	June 1, 2018
*****350	Director, Fiscal Operations	Separation	June 1, 2018
*****779	Assistant Professor, Social Science	Separation	September 1, 2018
*****993	Instructor, Business	Separation	September 1, 2018
*****575	Assistant Professor, Social Science	Separation	September 1, 2018

**14 Vacant Positions To Be Closed Immediately - Board Resolution 4-10/2-2018**

Assistant Registrar
Student Service Representative (2 positions)
Record Clerk
Administrative Assistant, Continuing Ed.
Secretary
Administrative Assistant
Associate Director, College Advancement
Programmer, Information Technology (2 positions)
Tech Sup. Coordinator, Information Technology
Tech Sup. Specialist, Information Technology
Maintenance Tech, Facilities
Dean, Academic Affairs

## Exhibit B

### Essex County College Affirmative Action Assessment

Essex County College Regulation 4-16 provides that “the College shall not discriminate and shall take affirmative action measures to ensure against discrimination in employment, recruitment, advertisements for employment, compensation, termination, upgrading, promotion, and other conditions of employment against any employee ... on the bases of any protected group.

Further, the New Jersey Administrative Code requires that an affirmative action analysis be prepared for any reduction in force undertaken pursuant to the regulations set forth in Title 9A. The following statistics are provided for the assessment of the Affirmative Action impact of the plan.

The approximate ethnicity profile of the full-time employees of Essex County College is as follows:

Black	52.5%
Hispanic	20.3%
White	20.1%
Asian/Pacific Islander	4.1%
Other	2.3%

Based on the data available, the ethnicity profile of the twenty (20) employees affected by the President’s Proposed Fiscal Exigency Plan is as follows:

Black	60%
Hispanic	5%
White	25%
Asian	10%

As to age, the approximate median age of a full time Essex County College employee is approximately 54 years, the median age of the employees identified in the Fiscal Exigency Plan is 51 years.

As to gender, approximately 63% of full time employees are female. 80% of the employees identified in the Fiscal Exigency Plan are female.



## APPENDIX G

### ESSEX COUNTY COLLEGE BOARD POLICY

#### *BP 3-1 UNRESTRICTED FUND BALANCE*

In accordance with sound fiscal management and with the intent of maintaining sufficient financial resources to effectively respond to unexpected fluctuations in revenues or expenditures, Essex County College shall strive to maintain an unrestricted fund balance equivalent to a minimum of 4% to 7% of its unrestricted operating budget.

Due to the funding streams being unpredictable and the desire to impose an equitable tuition rate upon our students, Essex County College establishes a fund balance policy that sets a minimum recommended level consistent with community college operations. Such minimum recommended level shall be an unreserved fund balance of no less than 4% of the prior year's operating budget. However, when favorable revenue streams materialize and/or the College experiences minimal unanticipated expenditures, such fund balance should strive for between 4% and 7% of the prior year's operating budget.

In addition to unreserved fund balance, the administration and Board of Trustees may establish reserves for contingencies that take into consideration issues that are specific to the College, not inconsistent with law. Other reserves that are authorized by State law may be established. Such reserves may help stabilize the policy objectives of the College. Unreserved fund balance may be used for emergencies of a non-recurring nature as a result of natural disasters or physical plant emergencies. Such emergencies are defined as expenditures necessary to remedy situations that impede the delivery of our mandated services to our students or situations that may cause physical harm to individuals or property on the Campus. Fund balance, below the stated minimum levels, should not be used to fund recurring expenditures and/or to merely supplement operating revenues to balance a budget and should be utilized solely for extraordinary items which are "infrequent or unusual" in nature. However, use of the fund balance may be necessary and permitted if unanticipated reductions in revenue streams occur after the operating budget has been adopted. The Board of Trustees must be notified, and approve of, of any use of the minimum unreserved fund balance.

In the event that fund balance is below the 4% minimum as set forth above, subsequent budgets should recognize the need and desire to maintain such level. The operating budget should be adjusted accordingly so as to raise sufficient funds to meet both the minimum desired level of fund balance and to fund the operating expenditures. Generally, the College should re-establish the desired fund balance level within three (3) years, unless otherwise approved by the Board of Trustees.

The Board of Trustees shall be advised of the current fund balance on a monthly basis.

Approved: 12/19/2017

Current As of February 2018

**APPENDIX H**

# SUMMARY OF ECC'S CHAPTER 12 FUNDING



Dr. Anthony E. Munroe  
ESSEX COUNTY COLLEGE

## ***Introduction & Overview***

Essex County College currently has almost \$13 million of received Chapter 12-funding, an amount confirmed by the County Director of Finance/Treasurer, that has not yet been spent on projects outlined in the ordinances that were issued since 2011 to support these approved activities. Since priorities at the College have changed over the years, much of this funding will need to be reallocated, as the projects for which the spending was approved are no longer institutional urgencies. Furthermore, in order to address the current cash flow-challenged financial climate at the College, project management – including scheduling of spending – will be of utmost importance in order to successfully execute these Chapter 12-funded initiatives.

To determine which projects will be completed as approved and which project funds will be reallocated, institutional priorities, strategic plan directives, accreditation issues, safety concerns, costs, expected duration of projects, timing of work to be scheduled, and potential legal liabilities have all been considered. Projects that have the potential to improve student services, academic support, and/or instruction delivery will be emphasized. An already-drafted *Resource Allocation Rubric* will be applied in the near future to score each project, and these scores will be used to rank the urgency initiatives. Any facilities-related urgencies will need to be incorporated into the Facilities Master Plan, which requires updating as soon as possible.

In addition, accounting records are being carefully reviewed to determine whether operational dollars were spent on purchases, renovations, etc. that could have been charged to already-approved Chapter 12 projects. If this is the case for FY 2018, adjustments can be made in the accounts, which will free up cash in the College's operations budget. This money will be used as "seed money" to begin executing the Chapter 12-funded projects in order of priority, with subsequent funding received from county reimbursement being used to replenish the cash flow required to complete these initiatives. If this is the case for previous fiscal years, any misspending from *non-operational* accounts (i.e., costs that could have been charged to Chapter 12-funded projects but were instead charged to non-fund 10 accounts) can be reimbursed with Chapter 12 money.

## ***Summary of Already-Approved Chapter 12-Funded Projects***

A total of \$15,883,440 of Chapter 12 funding, purposed for a wide variety of approved projects, was allocated to Essex County College since FY 2011. Of this amount, nearly \$12,850,000 (over 80%) has not been spent to date. The College administration has realized that this delay is not only impractical but has also prevented several necessary projects from being completed. Therefore, it is critically important that pre-approved projects, which are still necessary, and projects funded with reallocated Chapter 12 money begin as soon as possible.

The table below includes funding details for all pre-approved projects, which are still priorities at the College and, thus, should be completed.

<b>CHAPTER 12-FUNDED PROJECTS THAT SHOULD BE <u>COMPLETED</u></b>				
<b>Bond Project Name (Ordinance #)</b>	<b>Amount Allocated</b>	<b>Amount Spent to Date</b>	<b>Balance Remaining</b>	<b>Notes</b>
Student Welcome Center – Architectural Design (12-0013)	\$100,000	\$0	\$100,000	The visiting Middle States Small Team commended ECC on its upcoming Welcome Center initiative, which is recommended in our Strategic Enrollment Management Plan.
Carpet Replacement in Blue & Red Academic Areas (17-xxxx)	\$500,000	\$0	\$500,000	Additional Chapter 12 funding should be requested in FY 2019 to fund replacement of Yellow & Green Academic Area carpeting.
Renovation of IT Area (17-xxxx)	\$260,000	\$0	\$260,000	This renovation is needed to optimize workflow and address safety issues (e.g., partitions are unstable).
Newark Campus Selective Concrete Sidewalk Repair (17-xxxx)	\$275,000	\$0	\$275,000	The repair of exterior walls and stairs has been neglected and immediate needs attention to address safety concerns and potential legal liabilities.
Parking Lot Repaving (17-xxxx)	\$395,000	\$0	\$395,000	Use all available funding to repave & restripe all Newark campus parking lots, which will address existing parking issues.

<b>CHAPTER 12-FUNDED PROJECTS THAT SHOULD BE <u>COMPLETED</u></b>				
<b>Bond Project Name (Ordinance #)</b>	<b>Amount Allocated</b>	<b>Amount Spent to Date</b>	<b>Balance Remaining</b>	<b>Notes</b>
Closed-Caption TV (17-xxxx)	\$375,000	\$0	\$375,000	Funding this project will address security concerns on campus and prevent/mitigate losses.
PBX System Forklift (17-xxxx)	\$375,000	\$0	\$375,000	This system overhaul is necessary to update existing technology.
<b>TOTAL =</b>	<b>\$2,280,000</b>	<b>\$0</b>	<b>\$2,280,000</b>	

The table below includes funding details for all projects, which are no longer high priorities at the College and, thus, should have all or some of their assigned funds reallocated as indicated.

<b>PROJECTS THAT SHOULD HAVE ALL OR SOME OF THEIR ASSIGNED CHAPTER 12 FUNDS <u>REALLOCATED</u></b>				
<b>Bond Project Name (Ordinance #)</b>	<b>Amount Allocated</b>	<b>Amount Spent to Date</b>	<b>Balance Remaining</b>	<b>Notes</b>
Renovation of 5 <sup>th</sup> & 6 <sup>th</sup> Floors/4 <sup>th</sup> , 5 <sup>th</sup> & 6 <sup>th</sup> Floors (11-0009, 14- 0011)	Total of \$700,000	Total of \$52,488	Total of \$647,512	Reallocate \$647,512. This is not an institutional priority at this point in time.
Information Commons – Architectural Design (12-0013)	\$75,000	\$0	\$75,000	Reallocate \$75,000. The Information Commons was already completed with GO Bond funding.
Classroom/Laboratory Refurbishing & Renovations; Smart Classrooms (12-0013, 14-0003; 11-0009, 11- 0013)	Total of \$3,905,000	\$1,970,678	\$1,934,322	Reallocate \$1,000,000. An estimated \$900,000 is required to complete this project.

**PROJECTS THAT SHOULD HAVE ALL OR SOME OF THEIR ASSIGNED  
CHAPTER 12 FUNDS REALLOCATED**

<b>Bond Project Name (Ordinance #)</b>	<b>Amount Allocated</b>	<b>Amount Spent to Date</b>	<b>Balance Remaining</b>	<b>Notes</b>
Dining Hall Renovation (17-xxxx)	\$320,000	\$0	\$320,000	Reallocate \$220,000. Dining hall renovation is near completion (only the flower box removal/replacement is left to do). Spending needs to be examined – it is likely that the costs were not paid out of Chapter 12 funding since \$0 is “spent to date.”
Waterproofing of Exterior Masonry Walls (14-0003)	\$660,000	\$0	\$660,000	Reallocate \$250,000. This project cost was overestimated.
West Essex Campus Parking Lot Expansion (11-0013)	\$250,000	\$39,767	\$210,233	Reallocate \$210,233. This project can be funded by WEC Renovation GO Bond money.
Fire Alarm & Suppression System Upgrade (16-0013)	\$400,000	\$0	\$400,000	Reallocate \$300,000. This project cost was overestimated.
Elevator Upgrading (11-0009, 11-0013, 14-0015)	Total of \$1,108,440	\$965,462	\$142,978	Reallocate any remaining funds after billing documents are reconciled. ( <u>NOTE</u> : It is possible that all funds have been spent.)
Renovation & Refurbishment of the Print Shop (16-0013)	\$400,000	\$0	\$400,000	Reallocate any funds not used to address safety-related renovations. ( <u>NOTE</u> : Printing demand should be decreasing at the College via Green initiatives.)

PROJECTS THAT SHOULD HAVE ALL OR SOME OF THEIR ASSIGNED CHAPTER 12 FUNDS <u>REALLOCATED</u>				
Bond Project Name (Ordinance #)	Amount Allocated	Amount Spent to Date	Balance Remaining	Notes
Bathroom Renovations (11- 0009, 11-0013, 14- 0011, 16-0013)	Total of \$5,100,000	Total of \$107,221	Total of \$4,992,779	Reallocate at least \$2,500,000 of the total amount available.
Electronic Message & Directional Signage (14-0003)	\$325,000	\$17,750	\$307,250	Reallocate \$200,000. This project is not high priority, but some signage updating is needed.
Shuttle Buses (14- 0011)	\$300,000	\$0	\$300,000	Reallocate \$300,000, if this has not yet been done.
<b>TOTAL =</b>	<b>\$13,543,440</b>	<b>\$3,153,366</b>	<b>\$10,390,074</b>	

***Proposed, High-Priority New Chapter-12 Funded Projects***

The \$10,390,074 of already-awarded Chapter 12 money that has been identified to be reallocated should be used to fund projects that address institutional priorities, strategic plan directives, accreditation issues, safety concerns, and potential legal liabilities. Moreover, initiatives that have the potential to positively impact student services, academic support, and/or instruction delivery should be emphasized. These projects will obtain high scores via the *Resource Allocation Rubric*. In addition, costs, expected duration of projects, timing of work to be scheduled, and other practical factors have all been considered. Proposed, high-priority new Chapter-12 funded projects are listed below.

1. Newark campus megastructure roof replacement
2. Utility/energy audit issues (to be identified) – NOTE: this spending will also decrease future operational costs; individual projects may include retrofitting existing lighting with energy-efficient lamps, installing additional energy-saving occupancy sensors, installing PV solar panels on structurally-suitable surfaces, and more
3. Replacement of exterior doors and installation of electric push buttons for the convenience of differently-abled individuals

4. Replacement of deteriorated seating throughout the Newark campus buildings' common areas
5. Upgrade of the existing door security system with better locking mechanisms, sensors, etc. to address security concerns including possible emergency lock-down scenarios
6. Renovation of Areas/Departments affected by the upcoming college-wide reorganization as necessary and appropriate
7. *(Possible)* Construction of additional levels on the Newark campus Parking Deck to accommodate 175 cars per added-on floor – NOTE: this project may be delayed until increased enrollment, which would generate more demand for parking, is realized

### ***Summary***

Essex County College will continue to complete seven already-approved Chapter 12-funded projects that will cost an estimated \$2,280,000. Furthermore, the College will request the reallocation of over \$10,000,000 worth of already-approved Chapter 12 funding to new initiatives that are aligned with institutional priorities, which is to be evidenced by high scores received via the *Resource Allocation Rubric* assessment tool.

Once appropriate reallocation of the Chapter 12 monies occurs, careful project management – including staggering projects to minimally impact the College's cash flow – must be strategically executed. Doing so will allow Essex County College to wisely invest the awarded Chapter 12 funds to implement critically important, student- and safety-focused initiatives that will greatly improve the overall experiences of the students, faculty, and staff of ECC.



## APPENDIX I

### ***INSTITUTIONAL OPERATIONS COUNCIL: MISSION & GOALS***

**Chair:** Dean Mohamed Seddiki, Executive Dean & CIO, Administrative & Learning Technologies

**Vice Chair:** Dr. Susan Gaulden, Executive Director of Institutional Planning & Assessment

**Reports to:** Dr. Anthony E. Munroe, President

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#### ***IOC Mission:***

The Institutional Operations Council (IOC) is established for the purpose of advising the President and Cabinet on operational matters that impact the institutional effectiveness of the College. This recommending body will propose policies, regulations, procedures, guidelines, and implementation strategies designed to enhance the efficiency of College operations based on IOC investigation findings and analysis of existing logistical and operational issues and practices at ECC.

The IOC will suggest policies, regulations, procedures, guidelines, and implementation strategies designed to improve efficiency and effectiveness to College operations and present these to the President and Cabinet for approval. Furthermore, the Council will develop survey instruments to assess the efficiency and effectiveness of newly-adopted policies, regulations, procedures, and practices. The IOC will also recommend how budget allocation and planning related to new initiatives and undertakings at the College should be prioritized in order to maximize positive institutional impact and internal process improvement.

**Goals:** The IOC's immediate goals will include the following:

- to improve and optimize College operations on the Newark and West Essex campuses and the Public Safety Academy;
- to advise and propose changes in existing operating policies, procedures, and practices in order to streamline workflow so that the College functions more efficiently and effectively;
- to improve and optimize the allocation of human, financial, and technology resources throughout the College;
- to manage the allocation and usage of space across all campuses based on institutional priorities;
- to identify potential and practical cost-saving strategies;
- to review and critique proposed annual operating and capital budgets prior to submission to Cabinet;
- to identify institutional shortcomings related to utilization of physical space, service management, and sub-par processes and create action plans designed to rectify these issues; and
- to critically examine the level and caliber of all services provided to students and employees.

***Middle States Connection:***

The Institutional Operations Council will address and contribute to the College's compliance with the following Middle States Standards:

- Standard 2: Planning, Resource Allocation & Institutional Renewal;
- Standard 3: Institutional Resources;
- Standard 4: Leadership & Governance;
- Standard 7: Institutional Assessment; and
- Standard 9: Student Support Services.

***Membership:***

The IOC is comprised of eight (8) voting members from key administrative areas who understand the operational and functional aspects of the institution. For the 2017 – 2018 academic year, the members include the following:

1. Mohamed Seddiki, Executive Dean & CIO, Administrative & Learning Technologies
2. Susan Gaulden, Executive Director of Institutional Planning & Assessment
3. CFO (TBD) – James Pedersen, Deputy CFO (at present)
4. Syrion Jack, Assistant General Counsel
5. Aminah Massenburg, Chief Compliance Officer
6. Jill Stein, Dean of STEM & Health Sciences
7. Yvette Henry, Director of Human Resources & Labor Relations
8. Keith Kirkland, Dean, Student Affairs
9. Elvy Vieira, Dean, Community & Continuing Education and Workforce Development

***Details:***

This Council will meet bi-weekly throughout the year. A majority consensus will be required to push an item for presentation to the President and to Cabinet and to make decisions over minor procedural changes in functional areas. On a strictly needs basis, the IOC and Cabinet may call upon individuals to participate in meetings and IOC-related activities. These persons will be selected for their expertise in a specific College area(s). For the 2017 – 2018 academic year, it is expected that these individuals will include, but are not limited to, the following:

- Mildred Cofer, Director, Financial Aid
- Darlene Miller, Director, Bursar's Office
- Zee Kassa, Associate Dean of Student Affairs and Enrollment, Enrollment Services Express
- Leigh Bello de Castro, Associate Dean, Online Education & West Essex Campus
- Marva Rudder, Director, Bookstore
- Salah Dami, Associate Director, Technical Services, Information Technology
- Jeff Shapiro, Director, Facilities
- Nadiyah Samad, Director, Auxiliary Services
- Tony Cromartie, Director, Public Safety
- Jinsoo Park, Director, Institutional Research

## APPENDIX J

Risk	Existing Control	<i>College Regulation Specifications</i>	Identified	Recommendation	Current Procedure	Changes to Procedures/Controls
<p>Work papers are not prepared in a timely manner Changes made to supporting schedules are not supported with updated Journal Entries Supporting worksheets are not appropriately reviewed</p>	<p>Bank Reconciliations are performed monthly and are reviewed by the CFO or designee</p>		<p>There are no reconciliations or aging reports (Accounts Payable or Accounts Receivable) outside of the monthly Bank Reconciliations. The risk exists that account balances are not complete or accurate or are properly supported. Also, a lack of aging reports (specifically Accounts Receivable) creates the risk that the Allowance for Doubtful Accounts is not properly recorded/sufficient.</p>	<p>The College should create a monthly closing checklist to manage and track the Financial Reporting process. As part of this closing process, the College should identify key accounts which should be reconciled on either a monthly or quarterly basis. These reconciliations should be appropriately prepared and reviewed to support the Trial Balance and Financial Statements.</p>	<p>Currently the accounting group only reconciles the cash activity through bank reconciliations. In addition, this is not an established month end close process.</p>	<p><b>February 2018</b> - Finance will work with the IT in February 2018 to develop and utilize the full capabilities of the G/L reconciliation tool in Banner. A G/L account reconciliation has been created and is under review with Eisner Amper and the Concorde group.</p> <p><b>March 2018</b> - The final draft and implementation of the Month End and G/L account reconciliation checklists will be used in the month of March as part of the month end close process for February. The checklists will be utilized to ensure the general ledger is accurate and ensure all month end tasks are completed in a timely manner.</p>

<p>Journal Entries are posted to incorrect accounts Changes to supporting schedules are not made after Journal Entries are posted</p>	<p>Journal Entries require a preparer and reviewer and are supported with a cover sheet and supporting documentation Approval of the Journal Entry is evidenced via signoff and tick marks on the Journal Entry Cover Sheet The "approver" in Banner is the Journal Entry poster The poster ensures that the Journal Entry received proper approval</p>				<p>The accounting staff prepares the hard copy journal entry documentation. The documentation is provided to the managers for review prior to entering and posting in the system. Once approved the journal entry is recorded in banner and posted by the staff.</p>	<p><b>February 2018</b> - The staff prepares the journal entry documentation and enters the journal entry in banner. The documentation is provided to the managers for review. Once reviewed, the managers will approve the journal entry in banner.</p>
<p>All General Ledger accounts are not included in the Financial Statements Financial statements do not tie to the underlying supporting schedules Accounts are incorrectly</p>	<p>No control noted</p>		<p>The College is unable to tie/map the Trial Balance to the Audited Financial Statements There is a risk that the Financial Statements and accompanying footnotes are not complete and accurate</p>	<p>The College should create a monthly closing checklist to manage and track the Financial Reporting process As part of this closing process, the College should perform a tie out of the Financials back to the Trial Balance/General Ledger to ensure</p>	<p>No procedure</p>	<p><b>February 2018</b> - A month checklist will be utilized to document the completion of all the appropriate month end close activities with preparer and reviewer signoff. <b>February 2018</b> - Finance will</p>

classified in the Financial Statements The Financial Statements do not reflect all adjustments Amounts in Financial Statements are not complete and/or accurate Non-routine items are not properly documented and/or disclosed			balances are both complete and accurate	work with the IT in February 2018 to develop and utilize the full capabilities of the G/L reconciliation tool in Banner. A G/L account reconciliation has been created and is under review with Eisner Amper and the Concorde group.
		There are no reconciliations or aging reports (Accounts Payable or Accounts Receivable) outside of the monthly Bank Reconciliations The risk exists that account balances are not complete or accurate or are properly supported Also, a lack of aging reports (specifically Accounts Receivable) creates the risk that the Allowance for Doubtful Accounts is not properly recorded/sufficient	The College should create a monthly closing checklist to manage and track the Financial Reporting process As part of this closing process, the College should identify key accounts which should be reconciled on either a monthly or quarterly basis These reconciliations should be appropriately prepared and reviewed to support the Trial Balance and Financial Statements	<b>March 2018</b> - The final draft and implementation of the Month End and G/L account reconciliation checklists will be used in the month of March as part of the month end close process for February. The checklists will be utilized to ensure the general ledger is accurate and ensure all month end tasks are completed in a timely manner. The G/L reconciliation and account analysis will be completed for the February month end close. The analysis will be used as the basis for mapping the trial balance to the financial statements.
		With an inability to trace fund level accounting back to the Audited Financial Statements, the College becomes increasingly unable to track restricted dollars to the associated fund/purpose This could lead to an improper use of restricted funds		

<p>Management and accounting staff are not aware of all accounting standards impacting the business</p> <p>The Financial Statements are not clerically accurate</p> <p>The Financial Statements are not prepared in accordance with regulatory requirements</p> <p>Disclosures are not complete and/or accurate The Financial Statements do not include all footnote disclosures</p>	<p>No control noted</p>	<p>See College Regulation REG 1-12 Office Manuals &amp; Operating Procedures 1: Each area head may authorize and oversee the establishment and issuance of operating procedures and manuals, for the use of offices in that area, and persons having business with those offices Such procedures shall not conflict with any Regulation manual policy or statutes, or operating procedures Each Area Head is required to conduct a yearly review and update of operating</p>	<p>The College is unable to tie/map the Trial Balance to the Audited Financial Statements This creates the risk that the Financial Statements and accompanying footnotes are not complete and accurate In addition, this also leads to inefficiencies related to the tracking and reconciling of restricted funds</p>	<p>The College should create a monthly closing checklist to manage and track the Financial Reporting process As part of this closing process, the College should perform a tie out of the Financial Statements back to the Trial Balance/General Ledger to ensure balances are both complete and accurate In addition, a disclosure checklist should be completed to ensure all necessary disclosures are included in the Financial Statements and that those disclosures are complete and accurate In addition, the College should map the General Ledger within the Banner system This will enhance the College's Financial Reporting capabilities (ease of generating interim and year-end Financial Statements) while making the process more efficient This will also allow the College to better manage the budget from a fund level throughout the year</p>	<p><b>February 2018</b> - The Accounting department will review the Governmental Accounting Standards Board (GASB) website on a daily basis to keep up to date to any accounting guidance updates.</p> <p><b>February 2018</b> - A month end close process will be created and finalized to be implemented to close the month of February. Included in this process will be the identification of the appropriate G/L account mapping to map the Trial Balance to the Financial statements.</p> <p><b>February 2018</b> - Finance will work with IT to gain access and the rights to produce accounting reports needed to complete the month/year end close processes.</p>
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		procedures that govern the activities of a particular department or area	<p>The College is unable to generate interim Financial Statements</p> <p>The College does not maintain formal policies and procedures over Financial Reporting. This creates risk that the Financial Statements are prepared inconsistently across periods. In addition, there is also risk to the continuity of the Financial Statements in instances where key personnel leave the College, as new employees may not be able to create the Financial Statements in the manner previously performed</p>	<p>The College should implement a standard for generating interim Financial Statements for reporting processes. This allows for enhanced fiscal management as well as tracking of the Budget vs Actual for both the Board, Finance Department and the various Department Heads</p> <p>The College should formalize and document Policies and Procedures to govern the Financial Reporting Process. Additionally, the procedures should be monitored to ensure consistency over the drafting of Financial Statements. It is recommended that an Internal Audit function be established within the College to aid in both the implementation of such Policies and Procedures (design review) as well as the monitoring of the controls within those Policies and Procedures (operating effectiveness review)</p>	<p><b>March 2018</b> - The final draft and implementation of the Month End and G/L account reconciliation checklists will be used in the month of March as part of the month end close process for February. The checklists will be utilized to ensure the general ledger is accurate and ensure all month end tasks are completed in a timely manner.</p>
<p>Transactions are not recorded in the proper period</p> <p>Changes to</p>	No control noted		Accounting was unable to communicate who was able to open/close the ledger or when that process occurs	The College should review and limit who is able to open/close an accounting period in the General Ledger. Also,	

<p>supporting schedules are not made after Journal Entries are posted</p>				<p>the College should create a closing calendar to determine when periods should be opened/closed to mitigate the risk of modifying prior "closed" accounting periods</p>		
<p>Existence of ghost employees</p> <p>Payroll Changes (New Hires, Pay Rate Changes, Terminations) are unauthorized or entered incorrectly</p> <p>Pay rates do not match contracts</p>	<p>All payroll changes are supported with an approved "change Form" (EC207) Approvals are required from department, Budgeting, HR and the President</p>	<p>See College Regulation REG 4-10 Compensation Adjustments See College Regulation REG 4-11 Personnel Employment Actions</p>	<p>The Information Technology department is heavily involved in the Financial Reporting process They are the only department knowledgeable and able to generate reports This creates bottlenecks and can slow down the reporting process It also allows Information Technology employees to obtain data that they should not be viewing</p>	<p>It is recommended that the College provide the members of the Accounting and Finance Departments Banner Training as well as access and ability to generate their own reports This access may be limited to "Read-Only" in instances where the account data is not to be edited</p>	<p>All payroll changes are initiated by the Department Head and approved by the Area Head prior to submission to HR. The changes are submitted on the EC207 form which is</p>	<p><b>January 2018</b> - HR and Finance held discussions to conduct an assessment over the current payroll function and tasks. The assessment is ongoing to make a determination on which functions and tasks may be outsourced to a third party in order to enhance the controls around the HR and Payroll functions as well as modernized</p>



					reviewed and approved, prior to any processed changes, by the following: Area Head, Controller, HR and the President.	the process flows in both departments.  <b>February 2018</b> - The College will look to engage a third party vendor to outsource payroll processes and transition the current processes to a third party vendor with enhanced controls around payroll processing and reporting.
Background checks are not performed in accordance with hiring policies	Background checks fall under the College's hiring process and are only performed over "Key Employees"	See College Regulation REG 4-11 Personnel Employment Actions				
Leaves of absence are not properly approved  Leaves of absence do not meet CBA or contractual agreements Vacation exceeds allowable amounts  Inadequate overtime authorization Falsified hours Forged/inadequate signatures for	Salaried Administrative Professionals complete Monthly Attendance Sheets These sheets are approved by the department head or other appropriate individual	See College Regulation REG 4-12 Time and Attendance Management 1: All employees shall be required to record their time and attendance in accordance with College guidelines and electronic and/or non-electronic recording mechanisms	There is potential that vacation hours are not properly recorded in Banner if the Monthly Time Sheet is not filled out appropriately/timely (for Administrative Professionals) The risk is that vacation days are being incorrectly categorized as regular work days In addition, a time sheet was observed as not being properly reviewed by their Supervisor All time sheets should be reviewed to ensure the hours are being allocated properly	HR should not be accepting Monthly Time sheets for processing unless they are appropriately approved by the employee's Supervisor	Leave of absence documentation is submitted by HR for review and approval by the Controller and President.	

approval of leaves of absence	<p>Salaried Professionals have their Kronos time updated (Vacation/Sick/Personal) for unclocked days by their assigned Kronos Supervisor</p>	<p>The HR Department is charged with the responsibility of overseeing the implementation of the College time and attendance guidelines  2: Hourly employees shall be required to record their time &amp; attendance on a daily basis  3: Non-Hourly Employees shall be required to record their exception time &amp; attendance  4: Supervisors are charged</p>	<p>There is potential that vacation hours are not properly recorded in Banner if the Kronos Supervisor does not enter Vacation/Sick/Personal time for a day where a salaried employee (Professional) does not clock in/out within Kronos The risk is that vacation hours are being incorrectly categorized as days worked</p>	<p>Reconciliations should be performed over the Biometric Data (Kronos Time Keep System) against the actual time worked as well as the time recorded in Banner For part time employees, hours should be logged properly based on the Kronos data For full time employees, are employees present at work based on the Kronos data? Differences should be explained/supported and the reconciliation should be approved</p>	<p>Vacation time is submitted to the department head/supervisor for review and approval prior to submission to HR. Vacation used during a monthly period is documented on the monthly time and attendance report which is reviewed and approved by the department head.</p>
	<p>Vacation Cash-In requests are supported by an approved Vacation Cash-In form</p>	<p>with the responsibility to monitor and apply necessary changes to their respective employees' time and attendance records The HR Department</p>	<p>Vacation Cash-In is limited to a maximum of 5 or 10 total days per Fiscal Year as mandated by the various associations There were several instances observed where an employee cashed in vacation days in excess of the maximum number of days allowed in a year</p>	<p>The College should implement a report/tracker to monitor the number of days of Vacation Cash-In previously taken as well as the number of Vacation Days earned and unused for the period This will mitigate the risk that employees are cashing in a number in</p>	

	shall serve as the repository for all time & attendance records 5: All absences are to be reported Absences include but not limited to medical, non-medical, bereavement, off-site conference/workshop, overtime, comp time, holidays and any other excused or unexcused absences 6: Failure to record and/or submit time and attendance by the required deadline may result in postponement of pay for an additional scheduled pay period Continuous failure may result in disciplinary action	per the CBA or Association rules	excess of the amount allowable
		There is potential that vacation days are being misclassified as either Personal or Sick days in order to maximize the availability of vacation days to cash in	

Payroll bank statement reconciliation is not performed by a payroll department employee	Bank reconciliations are performed and reviewed on a monthly basis		Although the Payroll Bank Reconciliation is performed on a monthly basis, the Bi-Weekly Payrolls are not being reconciled to the General Ledger	Payroll should be reconciled to the Trial Balance/General Ledger to ensure completeness and accuracy of the Financial Statements		
Proper monitoring over Payroll, Time and Expense activity is not being performed or is not being performed on a timely basis			The Information Technology Department is heavily involved in the HR and Payroll process They are the sole source of information and all reports are run through the Information Technology department This creates bottlenecks and slows down related processes The HR and the Information Technology departments are unable to generate a list of terminated employees	It is recommended that the College provide the members of the HR and Payroll Departments Banner training as well as access and ability to generate reports from the system rather than rely on the Information Technology department This access may be limited to "Read-Only" in instances where the account data is not to be edited Transitioning from paper documents would eliminate delays and manual errors and create an easier audit trail	Currently HR has to submit a request to IT to obtain any reports out of Banner they use for HR reporting.	<p><b>February 2018</b> - HR will work with IT to identify the access that is needed to retrieve reports from Banner without requiring IT to provide the reports for the department.</p> <p><b>February 2018</b> - HR will work with IT and Elucian to determine the functionality in Banner that will allow HR to generate a terminated employees listing on a monthly basis to ensure terminated employees are no longer actively receiving any salary payments/benefits.</p>
Open	Sick Bank Process	Open	Open	Open		

<p>Mischaracterized expense reports Overstated expense reports Altered receipts</p> <p>Over purchasing (using an incorrect receipt for reimbursement)</p> <p>Fictitious expense reimbursements Multiple reimbursements</p>	<p>All travel (except that performed in the reasonable execution of an individual's job) will require a Day or Overnight Travel Authorization form, as appropriate, approved by the employee's supervisor, area head, the Comptroller, and the President Approval must be received prior to making other arrangements pertinent to the overnight travel, such as hotel accommodation, conference registration, tickets, etc.</p>	<p>Reg 3-3: All employees seeking travel reimbursement shall file a Travel Authorization form except for inter-campus travel</p> <p>Reg 3-3: All travel (except that performed in the reasonable execution of an individual's job) will require a Day or Overnight Travel Authorization form, as appropriate, approved by the employee's supervisor, area head, the Comptroller, and the President Approval must be received prior to making other arrangements pertinent to the overnight travel, such as hotel</p>	<p>There is the ability to receive monthly reimbursements outside of the policy (i.e. Catch Up Reimbursements) Is this an access issue?</p>		<p>Waiting on more clarity from Eisner after they complete further analysis and testing.</p>
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		accommodation, conference registration, tickets, etc.				
Tuition Reimbursement						
Requisitions are not completed timely		3-5: All Purchases should be made through the Purchasing Department 3-5: All Purchase Requisitions shall be issued by the department seeking to acquire goods or services. In certain Circumstances (Telecom, Utilities, Water) confirming	The procurement process relies heavily on manual input and paper documents. This may lead to slow processing of requisitions & invoice payment. Tracking of requisitions is also difficult due to organization of information existing only in paper form. This can also lead to NSF's resulting from the slow turnaround. In addition, manual processes lead to more risk of errors due to human intervention and are susceptible to the	The College should track Board Resolutions for approved spending against the Purchase Requisitions submitted for funding. Further, the College should also track the actual dollars paid as well as any related reimbursement of those dollars. This can be completed in part by using a shared document that the department can monitor, view and backup (for version control). Utilizing technology such as the Banner system would help speed up the current process and	Requisitions are initiated by department personnel which must be reviewed and approved by the Area Head prior to submission to Purchasing. The requisition must be completed with the	<b>February 2018</b> - The purchasing department will work with IT to initiate using Banner to process purchase requisitions. This will reduce the use of paper documents and the turnaround time for processing requisitions.

		<p>order (Direct Pay) may be permitted          Lastly, emergency orders shall only be permitted with the approval of the Director of Purchasing          3-5: Purchase Requisitions shall be approved by the departmental supervisor, Area Head, Comptroller, and the Director of Purchasing Requisitions may also require approval of the Grants Accountant, Director of Information Technology, and the Director of Media Production Technologies depending on the item being ordered and</p>	<p>data not being complete or accurate</p>	<p>would also reduce the risk of human error          In addition, the various departments should be given read only access to Banner This will enable the ability to review a certain account prior to submitting a requisition This will eliminate the lag of purchasing rejecting a requisition due to Non-Sufficient Funds in the requested account</p>	<p>required documentation (vendor info, budget account number, item description and total amount, etc.). The Area Head must ensure there is enough in the budget to cover the costs prior to submission to Purchasing. The requisition is reviewed by the Director of Purchasing and the Controller.</p>	
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		the source of funding for the purchase				
Chapter 12/Reimbursable Capital Expenditures are not being processed and/or refunded	Department Head and or area head signs off on Requisition, which is routed to AP for entry into Banner Requisition includes the Ordinance/Account Number that the Requisition/purchase will be applied to	3-5: All Purchases should be made through the Purchasing Department 3-5: All Purchase Requisitions shall be issued by the department seeking to acquire goods or services In certain	Initially, reimbursement is dependent on whether the proper ordinance/account number is being used when creating the requisition (Received from Department Head) Incorrect account numbers may lead to failure to properly receive reimbursement	The College should create a streamlined naming convention for Chapter 12 Ordinances and Projects in Banner Activity/Invoices related to Capital Expenditures should be easily identifiable in Banner in order to facilitate complete and accurate submission for reimbursement		<b>January 2018 -</b> During the review of AP check payments, the Controller implemented the process to identify Chapter 12 payments included in each AP check run each week. The documentation for the identified Chapter 12 payments is processed the same day the check payment is signed. The required



<p>AP Reviews Requisition for Approval (in addition to Department approval, it also receives approval from Finance as well as Facilities and Information Technology where applicable) The Ordinance/Account Number and budget amount are also reviewed before entering into Banner</p> <p>A Requisition cannot be entered if there are non-sufficient funds in the Account number provided</p>	<p>Circumstances (Telecom, Utilities, Water) confirming order (Direct Pay) may be permitted Lastly, emergency orders shall only be permitted with the approval of the Director of Purchasing 3-5: Purchase Requisitions shall be approved by the departmental supervisor, Area Head, Comptroller, and the Director of Purchasing Requisitions may also require</p>			<p>reimbursement paperwork is then submitted to the County for reimbursement. This process has been implemented to ensure timely reimbursement of Chapter 12 payments.</p>
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	Executive Assistant to the Vice President maintains a spreadsheet to log all invoices that are to be submitted for reimbursement as well as tracking the submission and receipt of funds to ensure proper reimbursement Supporting documents are maintained (invoices, requests for reimbursement, copy of checks received)	approval of the Grants Accountant, Director of IT, and the Director of Media Production Technologies depending on the item being ordered and the source of funding for the purchase	If a reimbursable purchase is not given the proper ordinance/account number, it might not be properly submitted for reimbursement Bond Projects each have their own Ordinance Number and reimbursable expenses are easily identifiable in Banner Chapter 12 however, does not have a streamlined coding convention and as a result, is not easily carved out within Banner which may lead to items missing reimbursement	The College should create a streamlined naming convention for Chapter 12 Ordinances and Bond Projects in Banner Activity/Invoices related to Capital Expenditures should be easily identifiable in Banner in order to facilitate complete and accurate submission of reimbursement		
Leaking of bid data Existence of Duplicate Vendors Vendor background checks are not performed Vendors are not properly approved Skirting the threshold for advertising Favorable treatment to one	Sealed bids are time stamped by the Purchasing Assistant (Received from Mail Room) The buyer is in control of the bid process and all bids are opened simultaneously and are logged in a spreadsheet It is policy the lowest priced and responsible bidder is	3-5: All Purchases involving goods or services that exceeded the threshold as established by State Law shall be subject to a formal bid process set forth under the County College Contract Law 3-5: All Purchases involving goods	Legal services are negotiated and retained by Board Counsel with little coordination with the Purchasing or Legal Departments			

<p>vendor Collusion among contractors Collusion between contractors and employees Bid manipulation</p>	<p>selected Board has final approval based on Purchasing review</p>	<p>or services that exceeded the threshold as established by State Law shall be subject to the State of New Jersey "Fair and Open" process, Public Advertisement as set forth under the NJ Pay to Play law</p>				
	<p>New vendors are maintained in a database in Banner All Purchase Requisitions require a vendor for processing Vendors are supported by W9, Tax ID and BRC if applicable Vendors are entered into the system by purchasing</p>	<p>3-5: Purchases less than the established threshold amount shall be subject to the applicable purchasing guidelines</p>	<p>The "Check Request" (CR) process is utilized to pay invoices in instances where there is no Purchase Order Purchase orders are created as part of the "Purchase Request" (PR) process and there are layers of approvals over both the Requisition and the Vendor selection (including the bidding process) There is risk that the CR process could be utilized to circumvent the Bidding/Approval process inherent in the PR process</p>	<p>The College should limit the number of Invoices being Paid through the "CR" Check Request process and enforce the use of the "PR" Purchase Requisition process for all purchasing needs with exceptions made only for true emergencies</p>		<p><b>February 2018</b> - Finance held discussions with the President to determine the change to the check requests process. The change would include all check requests requiring approval by the CFO and the President prior to any orders placed with a vendor. In addition, check requests will only be used for emergency purposes.</p>

	No formal control - See recommendation		Although performed informally, there is no formal control in place to review vendor purchases or project purchases in aggregate to identify where a specific vendor or project may breach a certain approval/advertising threshold in aggregate (but not on an individual level)	The College should formalize a control around the review of purchases at a vendor and project level to ensure the proper bidding/advertising/review procedures are taking place in line with College and State Regulations	
	No formal control - See recommendation		The College's vendor list contains instances of duplicate entries for a single vendor This may lead to the payment of a single invoice, multiple times	The College should periodically review their vendor listing to scrub for stale or duplicate vendors In addition, another test to perform over the vendor list is a comparison of addresses for duplicates as well as a comparison to the Payroll Address List	<b>February 2018</b> - A formalized vendor maintenance process will be created to complete periodic clean-up of the vendor listing ensure the appropriate vendors are listed in the system and duplicate vendors are removed from the system.
General Ledger/Journal Entries do not with purchasing reports  Payables are not being properly recorded in the Financial Statements	No formal control - See Recommendation		The College currently does not have or maintain an AP Aging or associated report	Utilizing the Banner system and the included purchasing module, the AP aging should be developed, maintained and reviewed as part of the reconciliation process of Payables to the Financial Statements/Trial Balance	<b>February 2018</b> - Finance will work with the IT and Elucian to determine how to generate AP Aging reports to be reviewed on a monthly basis. Review of the AP Aging will assist with minimizing late and/or duplicate payments. In addition an AP Aging report will

						assist in the completion of a monthly cash flow analysis.
			Invoices are not entered/recorded in Banner until they are reconciled to a PO and/or receiving docs/confirmation of the services provided and are ready to be paid This creates risk that the Financial Statements are not complete and accurate as all liabilities are not be properly accounted/accrued for at a specific point in time In addition, this also creates a risk that some invoices may not get paid timely	Purchasing/AP should enter invoices into Banner upon receipt in order to properly record the liability in the Banner system Once in Banner, invoices can be tracked/monitored and the proper liabilities will be accrued for In addition, this reduces the risk of not paying an invoice due in a timely manner	Determine if there is a preparer and poster function in the Banner AP Module. E.g. preparer gets the invoice in the system and the poster makes it live once they receive approval from the receiving department.	<b>February 2018</b> - A review of the invoice input process will be completed to determine the timing of the recording of AP transactions. AP will work with the Accounting department to review when transactions are completed prior to the receipt of invoices in order to determine the appropriate accruals that would need to be made at the month end by the Accounting department. In addition, all invoices addresses will be changed to include "attn.:" Accounts Payable" to ensure invoices are sent to Accounts Payable directly from the vendor.

<p>Illicit use of P-Cards Improper funding of P-Card account</p>	<p>P-Cards have been eliminated Athletics receives payments via advance (Approved form) Any unused cash gets returned to bursar's office along with receipts supporting the amounts spent Bursar's office reconciles to the total advance at the time of receipt</p>		<p>Previous finding was noted in 2015 Audit, determined by Auditor to be remediated in 2016 When the issue occurred, amounts were being recorded straight from the bank statement without any reconciliation This has since been remediated, see existing control</p>		<p>Currently P-Cards are not utilized.</p>
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## APPENDIX K



**Highlight Items With Issues**     Yes     No  
**Close Period**        **2/28/2018**

### Month End Closing Checklist

Current Update Date                      **2/13/2018**

Section	#	Day	Issue	Activity Description	Owner	Progress	Due Date	Date Complete	Comments
General	G-1	-1	None	Meeting with the Finance Team to go over upcoming close, cover expected issues, known changes, time off, etc.		Not Started	2/28/2018		
General	G-2	1	None	Email reminder to each department regarding Time Entry, Monthly Attendance Forms and all other Expense Reports.		Not Started	3/1/2018		
General	G-3	1	None	Email Reminder to each department regarding Journal Entries, Cash Receipt, Charge Back and all other reports.		Not Started	3/1/2018		
General	G-4	3	None	Ensure all monthly entries are recorded, properly reviewed, approved, and posted.		Not Started	3/5/2018		
General	G-5	3	None	Follow up with Bursar, Bookstore, Print Shop, Mail Room regarding Cash Receipt and Charge Backs.		Not Started	3/5/2018		
Cash	C-1	1	None	Obtain Bank Statements.		Not Started	3/1/2018		
Cash	C-2	3	None	Prepare Bank Reconciliations (tip - create a line for each account, especially if different people are responsible for different accounts).		Not Started	3/5/2018		
Cash	C-3	3	None	Review outstanding check listing for items significantly aged and determine resolution.		Not Started	3/5/2018		
Cash	C-4	5	None	Bank Reconciliations and final entries (if any) reviewed and approved.		Not Started	3/7/2018		
Receivables	AR-1	3	None	Obtain AR Aging Report.		Not Started	3/5/2018		
Receivables	AR-2	3	None	Reconcile AR Aging to General Ledger.		Not Started	3/5/2018		
Receivables	AR-3	2	None	Review AR Aging to identify collectability issues.		Not Started	3/2/2018		

Receivables	AR-4	4	None	Meet with relevant parties on specific AR accounts with collectability issues and determine resolution. Document resolution.		Not Started	3/6/2018		
Receivables	AR-5	5	None	Review reconciliations.		Not Started	3/7/2018		
Payroll	PL-1	1	None	Search for all unpaid checks.		Not Started	3/1/2018		
Payroll	PL-2	2	None	Review manual check payments.		Not Started	3/2/2018		
Payroll	PL-3	2	None	Audit last month's payroll.		Not Started	3/2/2018		
Purchasing	PC-1	1	None	Review open purchase requisitions.		Not Started	3/1/2018		
Purchasing	PC-2	1	None	Obtain detail of all other asset amounts.		Not Started	3/1/2018		
Purchasing	PC-3	1	None	Reconcile detail of other assets to GL.		Not Started	3/1/2018		
Accts Payable	AP-1	-5	None	Email all departments surrounding invoices necessary for processing - reminder that all invoices to be submitted to accounting.		Not Started	2/23/2018		
Accts Payable	AP-2	-1	None	Perform accounts payable cut-off.		Not Started	2/27/2018		
Accts Payable	AP-3	1	None	Review open purchase orders. Request support (receiving documentation, service records, etc.) as necessary and ensure amounts have been properly accrued.		Not Started	3/1/2018		
Accts Payable	AP-4	1	None	Search for all unpaid checks.		Not Started	3/1/2018		
Accts Payable	AP-5	3	None	Reconcile AP sub-ledger to general ledger.		Not Started	3/5/2018		
Accts Payable	AP-6	4	None	Complete review of AP reconciliation.		Not Started	3/6/2018		
Budget	B-1	5	None	Review Budget YTD and Balances for each departments.		Not Started	3/7/2018		
Budget	B-2	5	None	Inform each department of any negative budget balance.		Not Started	3/7/2018		
Reporting	R-1	4	None	Review of preliminary trial balance - identify any unexpected items for early investigation/resolution.		Not Started	3/6/2018		
Reporting	R-2	6	None	Prepare preliminary balance sheet, income statement and cash flow statement.		Not Started	3/8/2018		
Reporting	R-3	7	None	Prepare preliminary operating budget report, budget vs actual.		Not Started	3/9/2018		
Reporting	R-4	7	None	Generate financial package and prepare for distribution Finance Committee and Cabinets & BOT.		Not Started	3/9/2018		





**INDEPENDENT AUDITORS' REPORT**

The Board of Trustees  
Essex County College

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Essex County College (the "College") as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Essex County College as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter – Change in Accounting Principle*

As discussed in Note I to the financial statements, during the fiscal year ended June 30, 2015, the College adopted new accounting guidance. Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASE Statement No. 68* which represents a change in accounting principle. As discussed in Note 13 to the financial statements, as of July 1, 2014, the College's net position was restated to reflect the impact of the change in accounting principle. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of funding progress – postretirement health plan, schedule of employer contributions – postretirement health plan, schedule of the College's proportionate share of the net pension liability – Public Employees' Retirement System (PERS), schedule of the College's contributions – Public Employees' Retirement System (PERS), schedule of the College's proportionate share of the net pension liability – Police and Firemen's Retirement System (PFRS), and the schedule of the College's contributions – Police and Firemen's Retirement System (PFRS) as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplementary information as presented in the table of contents, which consists of the combining schedule of net position – all funds, combining schedule of revenues, expenses and changes in net position – all funds, schedule of net position – bookstore, concessions and gym, schedule of revenues, expenses and changes in fund net position – bookstore, concessions and gym and schedules of expenditures offederal awards and state financial assistance and related notes, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Audit Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2016 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

  
WISS & COMPANY, LLP

Iselin, New Jersey  
March 1, 2016



REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

The Board of Trustees  
Essex County College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Essex County College (the "College"), which comprise the statements of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### College's Response to Finding 2015-001

The College's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*!Jiw*, cf 4--0  
WISS & COMPANY, LLP

Iselin, New Jersey  
March 1, 2016

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 15-08

### Independent Auditors' Report

The Board of Trustees  
Essex County College

#### Report on Compliance for Each Major Federal and State Program

We have audited Essex County College's (the "College") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and New Jersey OMB *State Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and State of New Jersey ("state") programs for the year ended June 30, 2015. The College's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey Department of Treasury's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.

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*Opinion on Each Major Federal and State Program*

In our opinion, the College complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

*WISS, FLYNN, & COMPANY, LLP*      **4-cr**  
WISS & COMPANY, LLP

Iselin, New Jersey  
March 1, 2016

Essex County College  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2015

**Part Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? Yes

No Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Student Financial Aid Cluster:	
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program (PELL)
84.007	Supplemental Educational Opportunity Grant (SEOG)
84.048A	Carl Perkins Vocational Education Grant
TAACCCT Cluster:	
17.282	Leveraging, Integrating, Networking & Coordinating Supplies
17.282	Newark Area Industry Linked Information Technology
17.282	New Jersey Prep Health Tech
84.002	Adult Education - Basic Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$1,065,203

Auditee qualified as low-risk auditee?  Yes  No



Essex County College  
 Schedule of Findings and Questioned Costs (continued)  
 Year Ended June 30, 2015

**Part Summary of Auditors' Results (continued)**

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes   X   No

Significant deficiency(ies) identified? Yes   K   None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular 15-08? Yes   X   No

Identification of major programs:

GMIS/State Grant Number	Name of State Program or Cluster
I 00-082-2155-0 15 <i>N/A</i>	State Aid for College Assistance - New Jersey Commission on Higher Education Building Our Future Bond Act

Dollar threshold used to distinguish between Type A and Type B programs: \$645,045

Auditee qualified as low-risk auditee? Yes   L   No

Essex County College

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2015

Part II -Schedule of Financial Statement Findings

2015-001 Expense Reimbursement Process -Athletics Department (Significant Deficiency)

*Criteria:* The adherence to established internal controls in place over expenses incurred that are not processed through the purchasing process of the College should allow for the amount of the withdrawal from the bank account for use for athletic events to be reconciled to the corroborating evidence to support each event or function attended.

*Condition:* Withdrawals were made by personnel in the Athletics Department using debit cards as permitted by the College. At the end of each month, the bank account was reconciled, however, evidence to support the entire amount of the withdrawal was not always submitted resulting in unidentified differences between the actual withdrawals made and the supporting documentation provided to the College. The Athletics Department personnel submitted corroborating evidence for expenses incurred for amounts that in many instances, were less than the amount that was withdrawn from the account. The Athletics Department was also required to return any unused funds to the Bursar. The College did not identify such instances when the expense was incurred, as the debit card internal control procedures in place to reconcile the total amount withdrawn to the supporting evidence for each event were not followed. In addition, a thorough review and reconciliation, rather than test checking, of all receipts to all withdrawals was not conducted monthly. The College did however conduct an annual reconciliation before the end of the fiscal year, whereby discrepancies were identified.

*Context:* Internal control procedures over the use and reconciliation of debit card usage were not followed and as a result, instances were not identified due to lack of adherence to debit card internal controls. The Comptroller identified and reported the issue during a monthly review of the account and took immediate and decisive action to prevent future issues.

*Cause and Effect:* Due to the lack of adherence to internal controls over the use of debit cards and related reconciliations during the year, the College could not timely or readily identify that funds withdrawn exceeded supporting documentation.

*Recommendation:* We suggest the College strengthen controls over the use of athletic funds to require that the monthly bank reconciliation process include a reconciliation with preparer and reviewer signoffs of the withdrawals to the supporting evidence for each event. The College should also consider changing the process to eliminate the use of debit cards.

*Views of responsible officials and planned corrective action:* The College itself identified the lack of adherence to long-standing internal controls over the use of debit cards during the 2015 fiscal year and took immediate corrective action and eliminated the use of debit cards and enforced stronger internal controls that require all expenses related to athletic events be reconciled and agreed to the evidence to support the expenses of the event attended. In addition, athletic expenses are currently being processed through the College's standard purchasing process. All accounting staff were trained to properly audit and reconcile supporting documents and receipts, as well as staff will be required to attend workshops or seminars on bank reconciliations, internal controls and risk assessments.

Essex County College  
Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2015

**Part I JI-Schedule of Federal and State Award Findings**

None identified.

Essex County College  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2015

**2014-001**

Statement of Condition: The College used Perkins funds to provide services for participating students that the College provided with non-Federal funds for nonparticipating students. In addition, the College had a deficiency in internal controls in that it was unable to prevent or detect the supplanting of funds.

Status: The College took corrective action related to this finding and the findings were not repeated in current year.

## APPENDIX M



### Independent Auditors' Report

**The Board of Trustees  
Essex County College  
Newark, New Jersey**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Essex County College (the "College"), a component unit of the County of Essex, State of New Jersey, as of and for the year ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Essex County College as of June 30, 2017 and 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of funding progress – postretirement health plan, schedule of employer contributions – postretirement health plan, schedule of the College's proportionate share of the net pension liability – Public Employees' Retirement System (PERS), schedule of the College's contributions – Public Employees' Retirement System (PERS), schedule of the College's proportionate share of the net pension liability – Police and Firemen's Retirement System (PFRS), schedule of the College's contributions – Police and Firemen's Retirement System (PFRS) as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplementary information as presented in the table of contents, which consists of the combining schedule of net position – all funds, combining schedule of revenues, expenses and changes in net position – all funds, schedule of net position – bookstore, concessions and gym, schedule of revenues, expenses, and changes in fund net position – bookstore, concessions and gym and schedules of expenditures of federal awards and state financial assistance and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Essex County College's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

December 19, 2017



**Report on Compliance for Each Major Federal and State Program and  
on Internal Control over Compliance Required by  
the Uniform Guidance and New Jersey OMB Circular 15-08**

**Independent Auditors' Report**

**The Board of Trustees  
Essex County College  
Newark, New Jersey**

**Report on Compliance for Each Major Federal and State Program**

We have audited Essex County College's (the "College"), a component unit of the County of Essex, State of New Jersey, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the College's major federal and state programs for the year ended June 30, 2017. The College's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.



### ***Opinion on Each Major Federal and State Program***

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

*PKF O'Connor Davies, LLP*

December 19, 2017

**Essex County College  
(A Component Unit of the County of Essex)**

**Schedule of Findings and Questioned Costs  
June 30, 2017**

**Part I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors' report issued on financial statements Unmodified  
 Internal control over financial reporting:

1) Material weakness(es) identified \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No  
 2) Significant deficiency(ies) that are not  
 considered to be material weakness(es)? \_\_\_\_\_ X \_\_\_\_\_ Yes \_\_\_\_\_ No

Noncompliance material to the financial  
 statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**Federal Awards Section**

Internal Control over major programs:

1) Material weakness(es) identified \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No  
 2) Significant deficiency(ies) that are not  
 considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Type of auditor’s report used on compliance  
 for major programs Unmodified

Any audit findings disclosed that are required to be  
 reported in accordance with Uniform Guidance? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program

Dollar threshold used to distinguish between  
 Type A and Type B Programs \$864,680

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

**Essex County College  
(A Component Unit of the County of Essex)**

**Schedule of Findings and Questioned Costs  
June 30, 2017**

**Part I – Summary of Auditors’ Results (continued)**

**State Awards Section**

Dollar threshold used to distinguish between  
Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes          X       No

Type of auditor’s report used on compliance  
for major programs

Unmodified

Internal Control over major programs:

- 1) Material weakness(es) identified
- 2) Significant deficiency(ies) that are not  
considered to be material weakness(es)?

\_\_\_\_\_ Yes          X       No

\_\_\_\_\_ Yes          X       No

Any audit findings disclosed that are required to be  
reported in accordance with NJOMB Circular Letter  
15-08, as applicable?

\_\_\_\_\_ Yes          X       No

Identification of major programs:

GMIS/Program Number

Name of State Program or Cluster

100-082-2155-015

State Aid for College Assistance

100-082-2155-017

Alternate Benefit Program

**Essex County College  
(A Component Unit of the County of Essex)**

**Schedule of Findings and Questioned Costs  
June 30, 2017**

**Part II – Schedule of Financial Statement Findings**

**2017-001 Significant Deficiency in Internal Control**

*Criteria:*

Timely and accurate financial reporting is an important element of the College's control environment. Financial reporting provides the foundation for financial analysis, a critical component needed to be able to respond timely to financial related issues.

*Condition:*

The College did not maintain a general ledger that was in agreement with the College's underlying accounting records nor were entries made in a timely manner. Balances in the general ledger were not examined or reconciled to detailed analyses on an ongoing basis.

*Context:*

Management's preparation and review of the financial statements and related supporting schedules in regards to various accounts were not performed timely and consistently.

*Cause and Effect:*

As a result, the College's financial records for the year ending June 30, 2017 were not finalized until several months after fiscal year end and financial information provided throughout the year may not have accurately reflected the financial activity of the College. A large number of adjusting journal entries were needed to ensure completeness and accuracy of the financial statements at year end.

*Recommendation:*

We suggest that the College maintain a general ledger that is reconciled monthly to underlying accounting records. The College should also strengthen controls to ensure accurate and timely posting of the financial activity for the fiscal period so that actions can be taken and informed decisions can be made in a timely manner.

*View of Responsible Officials and Planned Corrective Action:*

The College will develop a monthly general ledger reconciliation process and checklist to ensure the general ledger accounts balances are accurate and complete. The finance team will utilize the Banner system General Ledger Account Analysis tool to complete account reconciliations on a monthly basis. The College will implement the proper internal controls and review process to ensure the general ledger account reconciliations are completed on a monthly basis.

**Essex County College  
(A Component Unit of the County of Essex)**

**Schedule of Findings and Questioned Costs  
June 30, 2017**

**Part III – Schedule of Federal and State Award Findings and Questioned Costs**

No federal award or state financial assistance program compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance or NJ OMB Circular Letter 15-08.

**Essex County College  
(A Component Unit of the County of Essex)**

**Summary Schedule of Prior Year Audit Findings  
June 30, 2017**

**2016-001**

*Statement of Condition:* The College's finance office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and other various accruals and reconciliations. We noted that there is no formalized process that requires account balances to be reconciled and reviewed in totality.

*Status:* The College has implemented improvements in this area and as a result, while the deficiency in internal controls still exists, it was deemed to be less severe than in the prior year and is now deemed to be a significant deficiency in internal controls over financial reporting (Finding 2017-001).

**2016-002**

*Statement of Condition:* In the performance of our procedures, we identified failure in the operation of controls which would ensure purchase requisitions and related vendor invoices are reviewed and approved, cash disbursements are reviewed and approved and duties related to check signing, invoice processing and invoice approval are adequately segregated.

*Status:* The College took corrective action related to this finding and the finding was not repeated in the current year.



APPENDIX N

**Finance Monthly Calendar: January**

January	Activity Description	Completion Date	Preparer	Comments	Date Reviewed	Reviewer	Comments
2nd week	Distribution of Finance package to Board Finance Committee						
6-Jan	Submit Journal Entries for prior month						
7-Jan	PERS pension submitted for quarter ended December (15day grace period given after the 7th)						
10-Jan	Bill County for January operating expenses						
10-Jan	If available, submit short form audit report to State						
11-Jan	Transfer funds to cover net payroll						
15-Jan	Payment for active and retiree's health insurance						
15-Jan	Payment of semi-annual interest on debt owed to County for Police Academy building (Due February 1)						
20-Jan	Review chargeback invoices, if any for County to pay						
20-Jan	USDOE drawdown						
25-Jan	If invoices are available, bill County for capital expenses						
25-Jan	Transfer funds to cover net payroll						
25-Jan	Mail out W-2 and 1099 forms. Post Form 1098T to the portal						

## Finance Monthly Calendar: February

February	Activity Description	Completion Date	Preparer	Comments	Date Reviewed	Reviewer	Comments
2nd week	Distribution of Finance package to Board Finance Committee						
1-Feb	Transfer funds to cover net payroll						
6-Feb	Submit Journal Entries for prior month						
7-Feb	Prepayment of pension deductions for PERS and PFRS for January						
7-Feb	Prepare for Board of School Estimate meeting						
10-Feb	Bill County for prior month operating expenses						
15-Feb	Payment for active and retiree's health insurance						
15-Feb	Transfer funds to cover net payroll						
20-Feb	Review chargeback invoices, if any for County to pay						
20-Feb	USDOE drawdown						
22-Feb	Submit IRS copy of W-2 and 1099 form						
25-Feb	If invoices are available, bill County for capital expenses						



## Finance Monthly Calendar: March

March	Activity Description	Completion Date	Preparer	Comments	Date Reviewed	Reviewer	Comments
2nd week	Distribution of Finance package to Board Finance Committee						
1-Mar	Prepare for PELL drawdown for USDOE to cover large Spring student aid disbursement						
1-Mar	Prepare for annual SSA evaluations						
1-Mar	Transfer funds to cover net payroll						
6-Mar	Submit Journal Entries for prior month						
7-Mar	Email copy of short form audit report to banks and agencies						
7-Mar	Submit long form audit report to State, if available						
7-Mar	Submit EZ Audit data from long form audit to USDOE						
7-Mar	Prepayment of pension deductions due for PERS and PFRS due for February						
10-Mar	Bill County for March operating expenses						
15-Mar	Payment of active and retiree's health insurance due						
15-Mar	Transfer funds to cover net payroll						
20-Mar	Review chargeback invoices, if any for County to pay						
20-Mar	USDOE drawdown						
20-Mar	Begin planning to complete insurance application for renewal effective July 1						
21-Mar	IPEDS report for IR						

25-Mar	If invoices are available, bill County for capital expenses						
29-Mar	Transfer funds to cover net payroll						
31-Mar	Payment due for employer's annual pension contribution to PERS and PFRS program						

## APPENDIX O

### JAMES PEDERSEN, CPA

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#### EDUCATION:

June 2007 Keller Graduate School of Management  
MA: Accounting & Financial Management

May 2001 Rutgers University  
BA: Economics

#### CERTIFICATION:

Certified Public Accountant (CPA) – State of New Jersey  
Sports Management Certification – Columbia University (currently enrolled)

#### COMPUTER

#### SKILLS:

Excel, Word, PowerPoint, Teammate, Hyperion Essbase, Lawson Accounting System, PeopleSoft

#### EXPERIENCE:

October 2017 to  
Present

#### ESSEX COUNTY COLLEGE

Newark, NJ

#### **Interim CFO**

- Oversee the administrative management and operating efficiency of the College's financial and business operations.
- Oversee the issuance of financial information; review and approve all filings with the Department of Education.
- Report financial results to the executive team and board of trustees.
- Ensure that operating procedures and record keeping systems are maintained in accordance with generally accepted accounting principles.
- Create short term and long term operating budgets for all department units and programs and measure performance against objectives. Communicate with all levels of management regarding fiscal policies and provide direction in the consistent implementation of finance related policies.
- Provide oversight and enforce guidelines for the successful and timely completion of annual and periodic financial audits and ensure compliance with prescribed guidelines.
- Develop and maintain internal accounting controls designed to detect and eliminate errors in accounting practices.
- Provide oversight and management in the areas of payroll accounting, expenditure accounting, revenue accounting and grant sponsored program accounting.

October 2015 to  
October 2017

#### TOYS "R" US, INC.

Wayne, NJ

#### **Manager – Technical Accounting/Financial Reporting**

- Monitor the activities of accounting standard setting bodies i.e., SEC, FASB, IASB, AICPA, and EITF and prepare operational/financial impact assessments of proposed and adopted accounting/SEC standards;
- Review the preparation and submission of SEC filings including 10-Q, 10-K, financial statement footnote disclosures, MD&A disclosures and earnings releases and assist in review of XBRL tagging.
- Review the preparation and submission of internal analytics packages provided to executive management including analysis of Sales Margin, product sales, Inventory, SGA, financial performance of market share and industry competitors;

- Interact with external auditors on technical accounting issues and assist other departments in the support of annual audits and quarterly reviews by legal entity, as deemed necessary.
- Support Global Accounting Operations, Treasury, Tax and Financial Planning and Analysis functions by providing guidance on the accounting treatment for a wide range of transaction types.
- Collaborate with different business functions and teams to perform accounting due diligence on potential transactions.
- Ensure GAAP and SEC reporting requirements are met for significant and/or non-routine transactions and document conclusions on executed transactions in well-documented position papers;
- Prepare and present CPE training and other presentations on a variety of accounting/SEC topics to constituents across the organization;
- Mentor and coach staff.

December 2014 to  
October 2015

**ERNST & YOUNG**

Atlanta, GA

**Senior Auditor**

- Developed and maintained productive working relationships with client management and assess clients' satisfaction. Proactively maintain contact with the client throughout the year. Direct daily fieldwork performed by staff, consistently inform engagement management of the engagement status through frequent meetings, and manage staff (4-5 team members) performance. Focus on building staff to foster a strong and efficient team. Adapt the audit approach to the changing client environments.
- Performed include audits of financial statements (10k and 10Q) and financial statement schedules included (incorporated by reference) in registration statements (Form S-1) filed with the SEC. In addition, performed circle up procedures for Pre-IPO comfort letter by providing comfort on numbers that can be traced to or derived from the audited financial statements and/or issuer's internal accounting records.
- Demonstrated a thorough understanding of technical and complex accounting related to loan and loan reserve accounting, loan impairment, loan valuation, net capital calculation (FINRA), revenue recognition issues, derivatives transactions, Sarbanes Oxley 404 implementation and reporting ad SEC reporting matters.

November 2011 to  
August 2014

**DELOITTE & TOUCHE**

Parsippany, NJ

**Senior Auditor**

- Managed various audit engagements with both SEC and private clients.
- Planned and coordinated audit engagements including developing audit strategy, preparing budgets, performing complex analyses, managing fieldwork, reviewing work papers, supervising staffs, and monitoring report production process based on entity and industry risks.
- Reviewed 10-K, 10-Q and proxy statements, tying-out figures with supporting documents to ensure the sufficiency of audit evidence.
- Performed walk through to understand and evaluate the design of controls, and test the operating effectiveness of identified controls in accordance with the Sarbanes-Oxley Act
- Substantively audited significant balance sheet and income statement accounts. Performed fluctuation analyses on balance sheet and income statement accounts.
- Conducted one-on-one interaction with client personnel at all levels, including the Controller, CFO, and CEO.
- Communicated with audit team and client regarding potential issues identified during audit procedures, and propose resolution of accounting issues on engagements in accordance with applicable accounting pronouncements including GAAP.
- Coordinated and managed team efforts in quarterly/interim reviews and annual audits. Manage 4-5 staff personnel while meeting client and internal deadlines. Delegated and review the work of staff members while leading, motivating, and providing daily assistance for both peer and less experienced team members.

May 2007 to **QUEST DIAGNOSTICS**  
November 2011 Madison, NJ

**Senior Auditor (7/10 – 11/11)**

- Served as Senior In-Charge on audit engagements to plan, organize, and manage audit engagement from beginning to end, including initial contact, scheduling audit, to preparing the final audit report.
- Documented, evaluated, and reviewed process controls with an emphasis on identifying key internal controls and associated risks. Reviewed internal processes and financials, identified control weaknesses, and proposed recommendations for improvements. Effectively communicated findings/recommendations with Divisional Controllers & Managing Directors
- Reviewed and evaluated compliance with Quest Diagnostics' anti-corruption policy on the Foreign Corrupt Practices Act (FCPA) to help ensure Quest Diagnostic colleagues worldwide are interacting in an appropriate manner with international professionals and non-U.S. government officials.
- Provided oral and written communication of audit plan and findings to management.
- Provided guidance to assist team members in completing work to ensure the audit team finished projects on time.

**Senior Accountant (5/07 – 7/10)**

- Assisted the business units with the monthly and quarterly closing process including the posting of necessary closing and adjusting journal entries, updated accounting system with month-end foreign exchange rates.
- Monitored intercompany account activity to ensure proper accounting and elimination of intercompany transactions perform various financial statement fluctuation analyses, and prepared notes of the financial statements.
- Maintained proper accounting of the change in investments in joint ventures by use of equity method analyses.
- Performed calculation and recording of non-controlling interest share in subsidiaries for consolidated financial statements.
- Performed financial analysis including actual versus budget, trends, and financial ratios for monthly, quarterly, and annual financial reporting.

January 2006 to **AGC CHEMICALS AMERICA, INC.**  
May 2007 Bayonne, NJ

**Staff Accountant**

- Assisted in the monthly and quarterly closing process including preparing reconciliations for company bank accounts, posting closing and adjusting entries, and preparing financial statement ratio analyses.
- Performed cash flow forecasts to ensure subsidiary cash balances remained on target with the budgeted cash balance.
- Performed monthly, quarterly, and annual inventory analysis. Prepared variable cost analysis for 20 business segments. Performed monthly actual versus budget financial analysis for 20 business segments. Collaborated with business segment management to investigate, resolve, and document budget variances. Collaborated with product line managers to identify and document budget variances.

November 2002 to **DEVRY UNIVERSITY**  
January 2006 North Brunswick, NJ

**Accounting Coordinator**

- Assisted in the recording of the acquisition and/or disposal of fixed assets including calculating the appropriate depreciation for the asset class.
- Performed the journalizing of accrued expenses. Performed monthly accrual analysis of accounts payable purchases.
- Performed monthly and quarterly reconciliations for financial statement accounts.
- Prepared closing and adjusting journal entries at month and quarter end.

## APPENDIX P

### EVENS WAGNAC, MSA

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#### Summary

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Experienced professional with extensive years of success in financial planning and analysis; controller functions and responsibilities; internal controls; fraud detection and correction; business operations; payroll management; bank reconciliation; GAAP; improving record keeping and journal entries; compliance; financial management; audits; financial close; financial reporting; supervising other people / departments / functions; budgeting; multi-year budget projections.

#### EDUCATION & TRAINING

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**Master's Degree** – Accounting, University of Phoenix, Miami, FL 2014

**Fraud Examiner** – Preparation Course, La Salle University, Philadelphia, PA 2008

**Bachelor's Degree** – Economics, University of Massachusetts (UMASS), Boston, MA 2004

#### Software Used

*QuickBooks, Oracle, Microsoft Excel (VLOOKUP, Pivot & PowerPivot Tables), HFM / Hyperion, SAP Crystal Reports, IBM Cognos, EssBase SharePoint, Smart View, Qlikview. Salesforce*

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#### PROFESSIONAL EXPERIENCE

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##### **XEROX COMPANY, MIAMI, FL**

##### **SENIOR FINANCIAL ANALYST**

**MAR 2014 – MAY 2017**

- Completed regular, comprehensive general financial analyses (revenue, expenses, etc.).
- Completed daily sales reports using Qlikview and SAP.
- Reconciled, validated, and summarized monthly headcount and financial data.
- Prepared and reviewed all financial planning and quarterly departmental budget reports.
- Analyzed statistical, financial, and numerical data to identify areas of opportunity and improvement.
- Creative leadership approach to problem solving and Ad hoc analysis.
- Supported deal review and pricing.
- Reviewed and approved vendor invoices and check requests for payment.
- Validated expenses and inputted journal entries.
- Prepared month-end close, general ledger analysis, and financial statements preparation (divisional and consolidated).
- Reviewed and prepared all monthly budget reporting and forecasts to ensure we achieved quarterly and yearly goals.

- Monitored all actuals vs. target/forecast goals.
- Monitored risks and identified opportunities for risk reduction and improvement.
- Exceeded expectation in helping several different departments successfully run under budget.
- Created a new system to follow up with vendors and approved they invoices in a timely manner.

**JPM CHASE BANK, MIAMI, FL**

**JUNE 2011 – MAR 2014**

**FINANCIAL ANALYST/BRANCH MANAGER**

- Analyzed and interpreted sales variances and trends between actual, budget, and prior results.
- Developed forecasts and trend analyses on an on-going basis.
- Responsible for the development, implementation and analysis of sales reports designed to highlight the revenue and market share performance.
- Prepared and analyzed P&L reports.
- Supported full P&L, branch budget, and forecast processes by collaborating with business partners to identify critical business drivers and developing sales and expense planning tools using SAP.
- Reviewed and ran daily new clients' information through Nexis Lexus for proper verification and to deter money laundering and account frauds.
- Managed daily activities of all customer service reps, tellers, private bankers, as well as business partners to achieve operation and sales goal.
- Reviewed all accounts payable and receivables for the Branch.
- Reviewed and approved all incoming invoices for payment.
- Coached and trained employees according to the branch goal and their personal goal.
- Completed performance reviews with all branch staff to discuss career development, increase employee morale and retention.
- Successfully managed all internal and external potential risk activities.
- Successfully ensured that all corporate policies and procedures are administered and followed appropriately by all personnel.

**TD BANK, PHILADELPHIA, PA & MIAMI, FL**

**JUNE 2006 – JUNE 2011**

**OPERATIONS MANAGER**

- Led the daily operations by managing 12 staff members.
- Ensured the proper compliance with various regulations, policies, and procedures.
- Prepared the Branch business plans and budget.
- Completed quarterly forecasts and submitted to the Corporate Office for approval.
- Completed sales reports, analyzed all incoming and historical data to make proper operations and sales recommendations to senior management.
- Analyzed and managed the Branch P&L.
- Provided daily staff coaching activities according to the Branch budget and forecast.
- Managed the internal controls of the Branch.
- Managed individual and Branch audits to minimize risk.
- Earned the Chairman Award and CEO recognition for 2009 and 2010.

**OPERATION MANAGER**

- Prepared Branch quarterly and yearly business plans and budgets.
- Analyzed and managed the Branch P&L.
- Provided daily coaching activities according to the Branch budget and forecast.
- Supervised the internal controls of the Branch.
- Managed the individual and Branch audits to minimize risk.
- Created a Service Environment: Built and promoted Branch identity, drove sales and promoted overall ownership and accountability for improving customer service and Branch success.
- Managed a High Performing Team: Demonstrated accountability by taking ownership of the business and willingness to make customer-focused decisions when needed.
- Provided sales leadership to ensure franchise growth: Leading by example, through accountability, reward and recognition to drive outstanding sales and service results.
- Ensured the customers are extremely satisfied with every interaction, made it memorable and the best part of their day.
- Coached and Developed Staff to Drive Results: Assisted colleagues in achieving their developmental goals and career aspirations.
- Brought a positive energy and confidence to branch daily which motivated everyone to do better each day.



## APPENDIX Q

### ESSEX COUNTY COLLEGE BOARD POLICY

#### *BP 1-5 POLICY ON BOARD OF TRUSTEES' SELF-EVALUATION*

**REFERENCE:** N.J.S.A. 18A:64A-12

The Board of Trustees of Essex County College acknowledges that they are the final authority for the institution, whose assets and operations they hold in trust. Cognizant of its fiduciary and fiscal responsibilities, the Board is committed to assessing its own performance on an annual basis, in order to identify its areas of strength and improve its areas of weakness, as to better serve the College. To assess its performance, the Board has established the following criteria:

- 1) The Board will annually evaluate and assess its own performance, using the Trustee Evaluation Instrument and process as approved by the Board;
- 2) The instrument shall incorporate criteria contained in Board policies regarding operations, in addition to criteria defining board effectiveness, promulgated by recognized practitioners in the field;
- 3) All Trustees shall complete the annual evaluation instrument no later than February 28th, from which a summary shall be presented and discussed during a Board Retreat to be held each April. During the April Retreat, the Board of Trustees shall discuss and develop a plan based on the summary. Additionally, during the Retreat, the Board shall discuss and develop goals to be utilized in the assessment of the President of the College. The Board of Trustees shall vote on the plan developed at the retreat at the next regularly scheduled meeting following the April Retreat;
- 4) In addition to identifying specific issues, the discussion of the Board's roles and responsibilities can build communication and understanding among Board members of each other's values and strengths, and lead to a stronger, more cohesive working group; and
- 5) The President may also provide the Board with comments and perspectives about the performance and accomplishments of the Board during the previous year and may suggest goals for the following year.

Approved: 2/21/2017

Revised: 10/17/2017

Current As of February 2018

## APPENDIX R

### ESSEX COUNTY COLLEGE BOARD POLICY

#### *BP 2-12 EVALUATION OF COLLEGE PRESIDENT*

##### **President's Performance Evaluation – Description**

Performance appraisal and evaluation is deemed an inherent function and responsibility of by the Board of Trustees. Consistent with the College's commitment to ensure that all employees are evaluated and properly positioned for success, and to serve the best interests of the Institution, the evaluation of the President is conducted by the College's Board of Trustees.

The President's evaluation is a process whereby the Board shall communicate what is expected from the role of President, provide feedback as to the President's current performance, discuss areas that may be in need of improvement, and discuss matters related to the President's employment that the President wishes to discuss.

The President is evaluated annually by the Board of Trustees in accordance with evaluation procedures. All evaluation materials are stored within the independent legal firm representing the Board of Trustees with a copy provided to the President for his/her records.

The evaluation of the President is conducted annually by the Board of Trustees.

- May: Summary Evaluation, which will be presented at the June Meeting.

The Board of Trustees shall complete the prior year Summary Evaluation based on:

- Self - evaluation from the President (derived from previous year's agreed upon goals) and includes suggested President's goals and institutional goals for the coming year; and
- Completed performance survey completed by each member of the Board of Trustees

The Summary Evaluation consists of written responses to questions approved by the Board of Trustees.

The Board of Trustees shares the Summary Evaluation in a meeting with the President. The outcomes of the meeting include:

- agreement on Summary Evaluation
- agreement on President's goals for coming year
- agreement on institutional goals for coming year
- agreement on President's remuneration package for the upcoming year

The Board of Trustees will agree on President's goals for the upcoming year at the next regularly scheduled meeting of the Board of Trustees.

- January: Mid-year Summary of Goals

A mid-year summary of the status of progress on the President's goals is prepared by the President and shared with the Board of Trustees.

- May: Summary Evaluation

Performance evaluation cycle continues.

Adopted 5/16/2017

Revised 1/23/2018

Current As of February 2018

## APPENDIX S

### ESSEX COUNTY COLLEGE BOARD POLICY

#### *BP 2-2 EVALUATION OF ADMINISTRATIVE PERSONNEL*

**REFERENCE:** N.J.S.A. 18A:64A-12(f); N.J.S.A. 18A:64A-13

- a. There shall be a uniform system for the evaluation of administrative personnel which is consistent with the following considerations:
  1. Uniform standards shall be applied.
  2. Staff shall be evaluated on their contributions to their attainment of institutional goals and objectives.
  3. Staff will be provided with objective feedback regarding their performance and, if warranted, a plan for facilitating their professional development.
  4. It will allow the administrator to review his/her progress and respond to the evaluation.
  5. It will afford the President an adequate basis for recommendations to the Board of Trustees on the retention, non-retention and promotion of an administrator.
- b. If requested, the President shall submit to the Board of Trustees an analytical summary of this evaluation after reviewing same with the administrator.
- c. To the extent required by law, evaluation procedures may be negotiated with the Administrative Association, but establishment of criteria shall be the responsibility of the President.

Approved: 6/5/74

Revised: 9/ /80

Revised: 9/ /97

Revised: 5/5/05

Current As of February 2018

## APPENDIX T



NATIONAL INITIATIVE FOR LEADERSHIP & INSTITUTIONAL EFFECTIVENESS  
NORTH CAROLINA STATE UNIVERSITY • COLLEGE OF EDUCATION • 310 POE HALL, BOX 7801 • RALEIGH, NC 27695-7801

### EXECUTIVE SUMMARY

During March and April 2017, the Personal Assessment of the College Environment (PACE) survey was administered to 952 employees at Essex County College (ECC). Of those 952 employees, 294 (30.9%) completed and returned the instrument for analysis. Respondents were also given the opportunity to complete a qualitative section. Of the 294 Essex County College employees who completed the PACE survey, 43.9% (129 respondents) provided written comments.

Employees completed a 46-item PACE instrument organized into four climate factors as follows: Institutional Structure, Student Focus, Supervisory Relationships, and Teamwork. They also completed a qualitative section, a customized section designed specifically for Essex County College, and an Institutional Structure subscale section. Respondents were asked to rate the four factors on a five-point Likert-type scale ranging from a low of “1” to a high of “5.” The PACE instrument administered at ECC included 92 total items and two qualitative questions.

At ECC, the overall PACE results yielded an overall 3.484 mean score. When disaggregated by the Personnel Classification demographic category of the PACE instrument, Faculty rated the campus climate the highest with a mean score of 3.560, followed by Administrators (3.466) and Staff (3.328). The most and least favorable areas cited in the qualitative questions pertain to the Institutional Structure Climate factor.

Of the 46 standard PACE questions, the top mean scores have been identified at Essex County College.

- The extent to which I feel my job is relevant to this institution’s mission, 4.423 (#8)
- The extent to which my supervisor expresses confidence in my work, 4.120 (#2)
- The extent to which student ethnic and cultural diversity are important at this institution, 4.119 (#18)
- The extent to which I am given the opportunity to be creative in my work, 3.836 (#39)
- The extent to which my supervisor is open to the ideas, opinions, and beliefs of everyone, 3.835 (#9)
- The extent to which this institution prepares students for further learning, 3.830 (#37)
- The extent to which students receive an excellent education at this institution, 3.745 (#31)
- The extent to which the institution effectively promotes diversity in the workplace, 3.729 (#5)
- The extent to which there is a spirit of cooperation within my work team, 3.706 (#3)
- The extent to which this institution prepares students for a career, 3.704 (#35)

Of the 46 standard PACE questions, the bottom mean scores have been identified as areas in need of improvement at Essex County College.

- The extent to which this institution is appropriately organized, 2.744 (#32)
- The extent to which I have the opportunity for advancement within this institution, 2.850 (#38)
- The extent to which information is shared within the institution, 2.871 (#10)
- The extent to which a spirit of cooperation exists at this institution, 2.903 (#25)
- The extent to which open and ethical communication is practiced at this institution, 2.914 (#16)
- The extent to which I am able to appropriately influence the direction of this institution, 3.000 (#15)
- The extent to which institutional teams use problem-solving techniques, 3.004 (#11)
- The extent to which decisions are made at the appropriate level at this institution, 3.011 (#4)
- The extent to which professional development and training opportunities are available, 3.111 (#46)
- The extent to which this institution has been successful in positively motivating my performance, 3.173 (#22)

The full PACE report includes: the standard PACE and demographic reports which break out PACE climate factors by question response rates and by each standard demographic category, a personnel classification report, a custom report which includes any custom demographic questions included specifically for ECC, an Institutional Structure subscale report, and a qualitative report. Report interpretation instructions and a raw data Excel file with a codebook are also included.