

# Ohlone College

## Program Review Report

- **Program Description and Scope:**

- *Program Review Title:* Financial Services
- *Academic year:* 2015/2016
- *Review Type:* Administrative Services
- *Program/Departments:* Administrative/Financial Services (67200, 67201)
- *Authority Code:* 21-Dean, Business Services
- *External Regulations:* Yes X No

California Ed Code

Government Code

Governmental Accounting Standards (33/33 and 43/45)

OMB Circulars (A21 and 133)

- *Provide a brief narrative that describes the services provided.*

The Business Services Department encompasses Budgeting, Accounts Payable, Accounts Receivable, Payroll, General Ledger, and Accounting and Reporting for: Capital Projects, Fixed Assets, Categorical Programs, Grants, Foundation, ASOC, Other Post Employment Benefit, and Financial Aid. The Department is also responsible for setting internal controls, monitoring cash flow and staying on top of regulatory changes, coordinating external audit as well as performing internal audit functions based on appropriate laws and regulations.

- **College Mission**

- *Mission Statement*

Ohlone College responds to the educational needs of our diverse community and economy by offering high quality instruction supporting basic skills, career development, university transfer, and personal enrichment and by awarding associate degrees and certificates to eligible students in an innovative, multicultural environment where successful learning and achievement are highly valued, supported, and continually assessed.

- *Program Relation to College Mission.*
  - Support Services
- *State your program Mission/Purpose.*

The mission of the Business Services Department is to safeguard the financial assets of the district by implementing effective internal control systems, Board policies, GAAP, GASB, BAM, OBM Circulars federal, state and local govt. regulations, as well as to provide professional services to the entire Ohlone community in the areas of Payroll, Accounts Payable, Accounts Receivable, Fixed Assets, General Ledger, Bond Accounting, Budget development and monitoring, Grant Accounting, Foundation Accounting, ASOC Accounting, coordinating external audit and financial reporting.

- *Briefly describe program accomplishments.*

Program accomplishments:

The District had clean audit reports free of audit findings in 2013-14 & 2014-15, which shows the effectiveness of Fiscal Services in safeguarding the financial assets of the district.

The fiscal year 2015-16 budget was successfully developed and adopted by the Board of Trustees in a timely manner.

The District currently maintains 28% of General Unrestricted fund balance which is considered very healthy fund reserves.

Monthly Payroll for approximately 1000 district employees was processed in a timely manner.

1,409 W-2 reports were successfully issued to employees in a timely manner.

About 6,346 Financial Aid and student refund checks were issued to students in in a timely manner.

A total of about 4,690 vendor payments payments were processed in a timely manner.

About 2,758 email notifications and over 600 campaign letters were generated and sent out to students in 2014-15 to encourage them to pay off their balances and avoid collections. It did not only help students avoid collection process but also helped improve the General Fund revenue

- **Student Impact Assessment**

1. **Student Learning Assessment - The Business Services Department is providing financial, budget and administrative support to faculty, staff and classrooms, which is critical in providing effective learning environment for our students. However, the Business Services Team works directly with students in the following areas: Students Financial Aid: Business Services work very closely with the Department of Financial Aid, Federal Department of Education and the Higher-One institution to ensure the timely processing and disbursement of financial aid to our students so that they can pay their fee and purchase their school supplies in time for their classes. As mentioned in the prior section, a total of about 6,346 financial aid and refund checks were issued to about 3,300 students during 2014-15 and no issue or complaint from students were recorded. Scholarships Processing: Business Services Team also works closely with the Ohlone Foundation, Financial Aid and A&R to ensure that all scholarships, including the Ohlone Promise scholarships, are processed and disbursed to students in a timely manner so that they can successfully pursue their educational goals. Student Receivables: Business Services team serves Ohlone students at the Cashier Windows by processing their payments, and advising them on a variety of student account related issues such as payment plans, holds on student accounts, student refunds, sponsor billing and collection process. The Student Receivable staff also provides excellent customer service to our students by**

phone. Extra Cashier Window Services were provided in both building 7 and at the Newark Center during 2014-15. Business Services Cashiering staff receives training and coaching in order to treat students with respect and provide them with outstanding services. Business Services also work very closely with IT and A&R to ensure that rate tables are updated in a timely manner, and to ensure student payments are properly recorded in the Datatel system.

- *Enter assessment results for "Student Learning Impacts" and analyze student success:*

During 2014-15 about 6,346 financial aid payments were distributed to students in a timely manner to ensure they can purchase their classroom supplies and materials in time for their classes. Over 100 scholarships awards were processed to students in a timely manner which help students pay for their tuition and purchase study materials for their classes. Hundreds of students were helped at the Cashier Windows with various needs which helped provide effective learning environment for them.

- *Future Improvements:*

Maintain current student learning plan:

- **Program Achievement**

- *List area-specific outcomes.*

AP to process:

- 90% of all invoices without research
- And take advantage of discounts

Assessments Include:

- Number of checks produced

- Vouchers produced with and without PO/BPO
  
- Review of all off line spreadsheets
  
- Review bottlenecks and processes that are not yet integrated into operations
  
- Number of vendor complaints
  
- Number of unresolved invoice questions
  
- Accuracy (correct coding) as determined by the number of JE's
  
- Year-end close/audit adjustments
  
- Number of calls from vendors
  
- Credit rating
  
- User satisfaction

- Vendor satisfaction
  
  - Reduction in Pay Vouchers to PO/BPO ratio
- *Identify internal and/or external benchmarks and regulations.*  
External Regulations:

1. California Ed Code
  
2. California Code of Regulations, title V
  
3. Government Code
  
4. Budget and Accounting Manual (BAM)
  
5. Labor Laws both State and Federal
  
6. Governmental Accounting Standards (GASB)

7. Yellow Book (Governmental Auditing Standards)

8. General Accepted Accounting Standards (GAAP)

9. Blue Book (Federal Financial Aid Regulations)

10. OMB Circular (A21 and A133)

11. VISA laws (credit card processing)

12. General Obligation Bond regulations

13. Contracts

14. Grants

15. FEMA

## 16. Accreditation

### Internal Regulations:

## 17. Board Policies

## 18. Administrative Procedures

- *Enter assessment results for area-specific outcomes and analyze trends.*

Accounts Payable is an integral part of the internal control system. There are 2 A/P Technicians, a portion of 2 Accountants and one Senior Accountant who operate in this area. They gather and review all A/P documents such as PO's, BPO's, receiving documents, and invoices in order to make sure that each cash transaction is properly authorized, received and approved. The fixed asset process was reviewed and simplified in 2014 as a result which staff no longer waits until the year-end close to process fixed assets. Instead they process fixed assets on a quarterly basis. This functional area involves lots of details, but the efficient use of technology such as online requisition and PO processing, using email for communication and coordination with internal departments and external clients, and outsourcing the Financial Aid disbursement to Higher One have brought significant improvements to the overall A/P processes. One area that needs improvement is the acquisition of supplies and services by departments without proper purchasing procedures. In 2012-13 the district auditors identified a number of purchases made without prior approval. POs for these payments were created after invoices were received in the A/P department. In order to fix this problem, the Purchasing department sent out a memo to the Ohlone community in the fall, 2013 notifying them of the issue and of the Purchasing requirements. The memo did have a positive impact and no such transactions were discovered by the auditors in 2013-14, and 2014-1, but I believe another assessment/survey needs to be done in 2015-16 to determine if this deficiency is fully addressed. The activities in this area have significantly increased over the years (see transaction list) especially with the incorporation of GASB 34/35 fixed asset reporting and the implementation of GO Bond related capital projects. Because of this increase most of the past PIO's have been focused in this area. And most of them have been implemented. The addition of the intrinsic informer data collection tool, has assisted this department.

**Number of AP Vouchers:**

<u>Fiscal Year</u>	<u>BPO</u>	<u>PO</u>	<u>No PO/BPO</u>	<u>Grand Total</u>
2000	962	733	3727	5422
2001	2035	926	5484	8445
2002	2191	1093	5584	8868
2003	2158	1023	4952	8133
2004	2395	712	4763	7870
2005	2306	913	4806	8025
2006	2283	845	4883	8011
2007	2374	889	5148	8411
2008	2793	1077	5171	9041
2009	3288	1059	3662	8009
2010	3629	1208	3416	8253
2011	3662	1114	3028	7804
2012	3808	952	2355	7115
2013	4063	1199	2161	7423
2014	4401	1085	2217	7703
2015	4742	1120	2174	8036

- One of the areas that was cited in the program review as an area that could assist with the AP process is if more of the vouchers were on BPO's. It shortens data entry time. There will always be vouchers that do not have BPO's. The majority come from the payroll process and part of health and welfare and other deductions. All reimbursements and US Bank statements, with the exception of the purchasing statement do not have BPO's. As noted in the chart the number of vouchers on BPO has increased and the number of vouchers on POs and No POs has decreased over the last three years which is obviously considered an improvement in efficiency.

<u>Check Type</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Accounts Payable	2676	4888	5452	5487	5525	5889	5618	5771	6294	5201	5590	5127	4655	4600	4592	4690
Accounts Receivable	3836	3235	2866	4067	3517	3728	4088	3713	3909	3963	5805	7296	6687	6796	6509	6346
Payroll	-	437	973	875	835	816	763	740	753	609	395	346	342	303	346	338
<b>Grand</b>	<b>6512</b>	<b>8560</b>	<b>9291</b>	<b>10429</b>	<b>9877</b>	<b>10433</b>	<b>10469</b>	<b>10224</b>	<b>10956</b>	<b>9773</b>	<b>11790</b>	<b>12769</b>	<b>11688</b>	<b>11699</b>	<b>11447</b>	<b>11374</b>

**Total**

- The accounts receivable relates to refunds and financial aid disbursements. The increase in those is mostly FA. This will not change in the future although the disbursements are handled by Higher One. The department still has to do the processing but the checks are no longer handed out at the window or mailed. As noted in the above chart the volume of AP checks has increased significantly from 1999-2000 to 2014-2015. However, the number of staff members in the AP unit has remained the same.
- *Analyze program budget trends and expenditures. Comment on how the program can best use budget resources.*

**Program Budget Analysis:**

<u>Year</u>	<u>Budget</u>	<u>Actual</u>	<u>% Spent</u>
06-07	1075913	1059479	98%
07-08	1154799	1050609	91%
08-09	1263704	1120667	89%
09-10	1349917	1275200	94%
10-11	1444320	1359587	94%

11-12	1160969	1167981	101%
12-13	1467115	1410561	96%
13-14	1548186	1371122	89%
14-15	1483446	1342299	90%

- Business Services Department has been consistently very conservative in spending its budget. As noted at the chart above, with the exception of two years, the department has not spent 100% of its budget since 2006-2007. Specifically the program has saved somewhere between 3% and 11% each year since 2011-12. One of the reasons for budget savings over the last two years or so was the cross-training of staff in various functions aimed at improving overall staff efficiency. As a result, the department was able to utilize internal staff instead of hiring from outside when temporary help was needed. For example, a staff member had to go on extending sick leave twice during 2013-14 but each time other staff members voluntarily covered the function and no help was recruited from outside which saved thousands of dollars for the District. The program plans to implement further cross training and professional development in the coming years, which will not only save dollars but will also encourage teamwork and cohesiveness among the staff members.
- *Analyze the program's current use of staff, equipment, technology, facilities, and/or other resources. Comment on how the program can best use these resources.*

There are currently a total of 12 staff members assigned to the different functional areas of Business Services Department.

**Accounts Payable:** The Accounts Payable function was discussed in the prior section.

**Payroll:** Payroll is a major component of Business Services, but it has its own separate Program Review, we don't want to repeat the same information here.

**Accounts Receivables:** The employees in this unit used to be a cashier who handled student payments and deposits, an Account Receivable technician that handled all of the other receipts, deposits and invoicing and an Accountant that did all of the reconciliations, recording and collections. Over the past 10 years the number and variety of transactions have grown but the staff has decreased to 1 ½ Accounts Receivable technicians and a portion of the Budget and Accounting Coordinators time.

New procedures have slowed the error rate and the addition of: a payment plan; deregistration for non-payment; hold on registration activity if there is a balance; letter campaign on outstanding balances; an outside collection agency; and the reintroduction of COTOP program have helped to reduce the outstanding student balances. Upward pressure on the account balances is due to the increase in the amount of enrollment fees; increase in students registering earlier; and a steady increase in payment plans.

There are many other departments on campus that collect cash, checks and credit cards. The procedure for each of these areas is to count and document how much is in the deposit and then it is counted a second time by the account receivable technician with the person present, to make sure it is accurate and complete.

For all other receivables, there is an invoicing system within Colleague that tracks all amounts due from external sources. This process used to be done outside the Colleague system, which had a lot of potential for errors and there was no formal follow up procedure to make sure that all that is owed to the district was received. Luckily with the implementation of the invoicing system through Colleague, that risk has been minimized if not totally eliminated.

**Cashier Function:** As noted above this used to be a separate function with one full-time employee, Where now it is assigned to the 1 ½ Accounts Receivable Technicians. Even though overall transactions at the windows have been declining as WebAdvisor activity has increased, the Accounts Receivable Technicians usually spend a lot of time addressing student issues and concerns that cannot be addressed through the WebAdvisor. This is also an area that is a training ground for our work study students and is one of two actual student learning outcomes.

Accounts Receivable is one of the most misunderstood function in the Business Services Department. There is a general perception that employees in this unit only perform the cashiering function receiving student payments. In fact, the 1 ½ FTE staff members handle one of the two critical functions of the General Ledger accounting, which is the account receivable function. In addition to cashiering, the employees in this unit also perform other important A/R duties such as receiving, counting and depositing cash from parking, the Newark Campus, the Civic Center, flea Market and other departments; making sure that student payments are accurately received, deposited and posted to student accounts; setting up student payment plans, updating rate tables, processing student financial aid and scholarships, handling deregistration for non-payment; notifying students of outstanding balances by email during the semester, handling letter campaign on outstanding balances, and working with the collection agency and COTOP to resolve outstanding student balances.

**Fixed Assets:** This function is performed by the two AP technicians, Bond Accountant and the Senior Accountant. It also encompasses the receiving department and the purchasing department. This is a particularly difficult area because there are three sets of regulations surrounding it. The BAM allowance for the 50% calc which is set at purchases of \$200 or more, the insurance levels which are \$1,000 to inventory and the GASB 34/35 limit for capitalization/depreciation which is \$5,000. GASB also requires that the capitalization limit be set so that 85% of all purchases that have a useful life in excess of 1 year are captured. So to this end the District has added group purchases in excess of \$5,000, all building start-up costs such as chairs and tables, and all computer equipment at the request of IT. The analysis of the policy, the automated posting of additions and surplus, recording of capitalized assets and the depreciation process in the Colleague system first started 11/12, which is considered a huge improvement over prior years. With the full integration of the process into the AP process this is just another routine activity. While the District meets the requirements of GASB 34/35 in recording and reporting Fixed Assets, it is not meeting the GO Bond requirements of tracking the movement of fixed assets. While this is not a Finance function it is important to the District as a whole.

**Budget:** Budget development process has been streamlined over the past couple of years. A comprehensive budget worksheet, which includes historical budget data, has been developed and is updated every year. This worksheet really helps budget managers analyze their historical budget data and develop their future year's budget accordingly.

One of the areas of the budget that has been a consistent problem in creating realistic projections is the adjunct costs. The other area that has caused constant problems is Benefits. It is not clear whether it is how we budget or how the benefits are set up that is causing the discrepancies. This needs to be assessed and an action plan needs to be developed for implementation.

There was a desire to implement the budget module in Colleague and it still may be something the District wants to do. However when polled, no District was using the Budget Module to upload budget data into Colleague due to the inability of the module to meet district budget needs.

The budget is basically a roll over budget. A great deal of effort and trust building went into assuring budget managers that if they saved budget in one year, they would not lose it in the next. This trust has kept the District from frivolously spending and continually producing savings when needed. If the desire is to have more accurate budgets then zero based budgeting needs to be implemented. And if that is the desire then time must be carved out for each budget manager to do the very lengthy analysis required to produce a zero based budget especially in the area of facilities and IT.

**Bond** The bond processes were immortalized in the Gilbane Accounting Manual. The biggest change in Bond activity is the Endowment Fund which was separated so that there could be accurate accounting of the investment activity. As noted in the Fixed Asset section, the recording of Fixed Assets is occurring but there is no Inventory Tracking mechanism in place. This would consist of both software and procedural. Currently contracts are being reviewed on this topic.

**State Funded Capital Projects:** As the great recession has finally come to an end, the State has started funding Scheduled Maintenance and Capital Outlay projects. The District's Facilities Department develops a schedule of major facilities repairs each year and submits it to the state as required. Funds are maintained in the Capital Outlay Project Fund (Fund 41) and expenditures are closely monitored by both Facilities and Business Office to ensure compliance with state requirements.

**Financial Aid cycles:** There have been a number of changes to the financial aid process at the federal level; loans have been added as a form of financial aid and Higher One has been contracted with to provide payment, bank reconciliations and reporting for financial aid process. While this has relieved the check printing, the actual processing that the Senior Accountant does has to implement still remains the same. One issue that needs to be addressed is that currently the Accounts Receivable Technicians manually post thousands of financial aid payments to each student record in the Colleague system. It is very time consuming and there is a great potential for errors. The Business Office plans to work with IT to automate this process in the next year or so.

**General Ledger** – The General Ledger cycle has been functioning well. All transactions are posted to the GL and periodic financials are generated, analyzed and submitted on a regular basis. Each fund is reviewed, balanced and finalized at the year-end well ahead of the scheduled audit. No major issue has been reported in this year.

**Grant monitoring and reporting:** The grant process has been tossed back and forth among departments. But regardless of which department is responsible for it, Finance is responsible for monitoring, recording, and reporting. Besides our responsibility to the District for safeguarding the fiscal assets, we have a responsibility based on Federal Circular A133, The Budget and Accounting Manual and accreditation, to make sure grants and categorical programs meet the restricted standards. There have been several false starts to development a Grant Manual so that everyone that applies for a grant will know who has what role from application to implantation to

reporting and to make sure that budgets are appropriate and allowable expenditures are defined for everyone.

It has always been the policy of the District to apply for only those grants that advance the mission and goals of the District but this has not ever been formalized in a Grant Manual.

**Foundation/ASOC/Auxiliary Organizations** – The Business Office is responsible for safeguarding the financial records of both the Ohlone Foundation and ASOC Funds. The Grant and Foundation Accountant handles the Foundation’s financial records while the Senior Accountant handles ASOC’s books. Over the past year both Foundation and Business Office worked very closely on streamlining fiscal processes and on developing Foundation budget, both of which help better track foundations revenues, expenditures as well as investment funds. However, a similar review of the ASOC activities, especially their fundraising activities, is needed to ensure full compliance with established regulations.

- *Additional Program Table Data*
- *Future Action*  
Current levels of achievement indicators maintained.

● **Program Improvement Objectives**

1. *Based on the program data analysis and PSLO analysis, identify your Program Improvement Objective(s): What are you going to do? Why are you going to do it?*

Increase staff capacity in the Accounts Receivable unit to effectively handle the additional workload created due to enrollment restoration and the loss of Admin Services Analyst Position

*Notes (optional): Please include any notes related to your PIO. (2500 Character limit)*

Justification: 1. The Accounts Receivable unit used to have two full time staff (2.0 FTE) before the great recession, but due to workload reduction during the recession one position was reduced to a .5 FTE. Now that enrollment restoration is underway and the district has restored about 5% enrollment since 2012-13, there is a need for additional direct student support in this unit & the current 1.5 FTE is not sufficient to meet that additional demand. 2. Business Services used to have an Admin Services Analyst position that assisted the Student A/R Unit with various technical tasks such as setting up Rate Tables, processing & E-filing of 1098Ts, uploading and downloading collection data, running the letter campaign, RegReady Testing, setting up online payment plans with Nelnet

*Program PIO will address the following:*

- Increase Program Enrollments
- Service Impacts

- Student Learning & Achievement

*How will you assess the effectiveness of your PIO:*

1. Track the # of students served daily, both at the Cashier Windows as well as by phone, over a period of two semesters & determine if the average amount of time it takes to serve one student improves over time. 2. Conduct a survey of students visiting the Cashier Windows and assess if their satisfaction from the services they receive will improve over the period of two semesters.

**PIO Action Plan:**

*How will you accomplish this?*

Increase the Accounting Technician III position from the current .5FTE to 1.0 full FTE. Cost: The total cost of a .5 FTE including salary driven is projected to be \$35,000 per year. This will be an ongoing GF cost for the district.

*What is your timeline?*

Fiscal Year 2015-16

*Who is going to do this?*

Business Services Department

*PIO Status:*

- New

*Closing the loop - Describe the results of your PIO implementation or completion:*

*Conclusion: Complete if PIO has been completed*

*Fiscal Resources Status:*

**PIO Resources:**

- Resource: Staff/Administrative Position  
Position Title: Accounting Tech III  
FTE: increase .5 FTE to 1.0 FTE  
Est. Cost: \$35,000.00

**Attached Files:**

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- [Ohlone Purchasing BPA Report.doc](#)
- [funds.jpg](#)
- [timestudy.jpg](#)
- [voubpopocomp.jpg](#)