

**Required Evidentiary Documents for Financial Review**

**Supplemental Guidelines for Standard III.D**

	<b>Evidence</b>
<b>Commission questions</b>	<b>Private</b>
<p><b>Has the college received any qualified or adverse opinions in audit reports in the last 3 years from district, state or federal programs?</b></p>	<p>Annual Certified Audit Report (last 3 years)</p>
<p><b>Has the college implemented all audit recommendations? Have there been the same recommendations for more than one year? What is the auditor response to the management actions taken?</b></p>	<p>Management response to auditor's findings and recommendations (last 3 years)</p>
<p><b>What is the institution's unrestricted fund balance and reserves and how has it changed over the last three years?</b></p>	<p>Annual Audited Financial Statements, Statement of Stockholders' Equity, Stockholders Equity Note to Financial Statements, Amount of Retained Earnings</p>
<p><b>Has the State Chancellor's Office had to intervene regarding fiscal stability or compliance?</b></p>	<p>N/A</p>
<p><b>Does the college have long term debt financing?</b></p>	<p>Annual Audited Financial Statements, Note to Financial Statements dealing with Long-Term Debt</p>
<p><b>Does the institution have an obligation for post retirement health benefits? If they do, have they done the actuarial study and identified the liability? Is there a plan for funding it?</b></p>	<p>Annual Audited Financial Statements, Note to Financial Statements dealing with Commitments and Contingencies and/or Employee Benefit Plan</p>
<p><b>Does the institution have limits on accrual of unused vacation time? Compensatory time? Is the institution enforcing its policy on limits?</b></p>	<p>Review Annual Audited Financial Statements and inquire about accrued liabilities, review Accounting Policies and Commitments and Contingencies Notes to Financial Statements. Review company's employee handbook to ascertain vacation/Paid Time Off</p>

<p><b>Is the fiscal entity self insured for health benefits, workers compensation, and unemployment? How are reserve levels set?</b></p>	<p>Review Employee Benefit Plan. Inquire of management if company is self insured or if Parent Corporation provides self insurance. Review commitments and contingencies Note to Audited Financial Statements</p>
<p><b>Does this fiscal entity have obligations for future total compensation expenditures driven by collective bargaining agreements or other agreements (corporate buy outs, management/employee agreements, etc?) If so, what are they? Of what significance are they? What is the plan for funding these future obligations?</b></p>	<p>Inquire of Management and obtain written acknowledgment from management as to the existence of any Employment Agreements or collective bargaining agreements with unions or other organizations. If so, obtain copies and review for future obligations and determine funding plans as necessary or required.</p>
<p><b>Does the institution and the foundation have an agreement/contract on the role of the foundation? Does it require that the foundation have an audit?</b></p>	<p>Generally there are no foundations involved with private companies. Inquiries should be made as to the ownership and funding arrangements with the parent corporation, if any. In addition, inquiry should be made as to arrangements for debt financing. Financial structures within private organizations often incorporate a combination of debt and equity sources of operating capital.</p>
<p><b>Does the district have a Prop 39 bond?</b></p>	<p>N/A</p>
<p><b>Does the college have policies and procedures regarding purchasing? Are they being followed?</b></p>	<p>A review of purchasing procedures should be conducted. There could be a purchasing procedures manual that should be reviewed; and there should be an accounting procedures manual and, if a purchase order system is being used, a procedural review should be conducted.</p>
<p><b>Will additional buildings be opened in the next 2-3 years? Is there a plan to fund staff, utilities and operating expenses associated with additional facilities coming on-line within the next 2-3 years?</b></p>	<p>A review should be conducted of the current and coming year's capital expenditure budget. In addition, a review of the coming year's financial and operating plan should be conducted. Depending on the time of year the review is being conducted, a comparison of budget to actual revenue and expense should be performed. This review can be a leading indicator of the viability of plans for the future.</p>