

FINANCIAL FINDINGS & RECOMMENDATIONS

January 17,
2014

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- Review of findings and recommendations following comprehensive review of MJC budget and expenditure patterns

INITIAL CONCERNS

- Many salary accounts appear to be under budgeted
- There does not appear to be enough budget to achieve the needed growth in FTES
- A better budget process needs to be implemented for fiscal year 2014/15
- It is not possible for budget managers to determine which employees are being expensed to any specific account

ADDITIONAL CONCERNS EMERGED

- Salaries and benefits for 9 one-year faculty positions were not budgeted
- Prior year salary and benefits for a reinstated employee were not budgeted
- Cost reimbursement accounts are over budgeted, thus inflating the budget
- District informed the college that \$136,322 was required to cover overspending in DSPS in fiscal years 2012 and 2013

RESOLVING CONCERNS

- **Many salary accounts appear to be under budgeted**
 - Adjustments to align college budget with district payroll
 - Salaries/benefits for faculty are expensed when earned, not when paid. Accelerating the expenditure of budget, making them appear under funded.

RESOLVING CONCERNS

- **There does not appear to be enough budget to achieve the needed growth in FTES**
 - Identified \$127,800 instructional supply and moved to Lottery
 - Identified \$93,800 instructional equipment and moved to Block Grant funding
 - Identified \$13,100 other expenditures not necessary for the current year
 - Identified funding for 9 one-year faculty positions totaling \$906,037

RESOLVING CONCERNS

- **FTES continued**
 - Identified funds to cover unbudgeted legal expense \$194,784
 - Adjusted cost recovery to accurately reflect operations totaling net reduction of \$156,500
 - Identified funds to cover overspent prior years DSPS \$136,322
 - All negative account balances through December 16, 2013 have been budgeted
 - Net reduction of college contingency by \$51,000

RESOLVING CONCERNS

- **A better budget process needs to be implemented for fiscal year 2014/15**
 - **Constructed position control document**
 - **Gary Whitfield will lead our budget development process for 2014/15**

RESOLVING CONCERNS

- **It is not possible for budget managers to determine which employees are being expensed to any specific account**
 - Requested that central services develop a written manual for extracting payroll and benefit information
 - Requested that district implement position control

FINDING 1

- **Postings to salary accounts are not easily identifiable since employee names don't appear in the general ledger.**
- **RECOMMENDATION**
 - **The district should consider implementing an integrated position control human resources/ payroll/accounting system.**

FINDING 2

- Payroll posting detail can be accessed through a process utilizing pivot tables. However, it appears that there is only one employee in the district that is fluent in their usage. This capability should be possessed by at least three people at the district level as a precaution to maintaining the crucial knowledge base. It should also be available to the Business Office and Budget Managers at the college.
- RECOMMENDATION
 - Develop a manual that specifies a step by step procedure for extracting payroll and benefits information.

FINDING 3

- **There seems to be a communications gap in the college and between the college and the district.**
- **RECOMMENDATION**
 - **The college needs to obtain answers from the district that are clear and concise. The district needs to formulate answers that are designed to address the college's specific questions, but are also designed to address possible points of confusion (FAQ sheet).**

FINDING 4

- **Salaries for vacant positions are not accounted for and/or identifiable.**
- **RECOMMENDATION**
 - **Develop a detailed organization chart by position and maintain accurate record of vacancy and hires.**

FINDING 5

- **Amounts budgeted to salary accounts in the college budget don't match the amounts/accounts in the district salary allocation document.**
- **RECOMMENDATION**
 - **College must update and maintain the detailed organization (position control) chart.**

FINDING 6

- **Expenditure transfers and budget transfers are well documented through the use of hard copy form. Salary and benefit budget transfers are only documented within Datatel making them difficult to track.**
- **RECOMMENDATION**
 - **Establish file system to track salary/benefit budget transfers and the justification for change.**

FINDING 7

- **It appears that the efforts of the College Executives are not coordinated. The president and the vice presidents need to discuss the desired outcomes and then rely on the expertise of each team member regarding the means and methods of achieving objectives of their common goals. The team should always work as a whole.**
- **RECOMMENDATION**
 - **The executive team should meet regularly, at least once per week.**

FINAL RESULT

■ One time expenditures added to budget	
Unbudgeted legal expense	\$194,784
Prior years DSPS payback	136,322
■ Ongoing expenditures added to budget	
Reduced cost recovery	\$156,500
Non-Instructional Supplies	102,200
Regular salary budget transfer to PTOL	82,007
Regular benefits transfer to PTOL	59,255
One year faculty appointments	<u>906,037</u>
	1,305,999
PTOL	8,900,740
MJC reserve	270,694
Less fall 2013 allocation	150,000
Reduction to align budget	<u>51,000</u>
MJC contingency final	\$ 69,694