



**BUCKS COUNTY COMMUNITY COLLEGE
SPECIAL MEETING OF THE
BOARD OF TRUSTEES**

Date: December 20, 2022

Time: 10:15 AM

Present:

Thomas Jennings, Chair
James Dancy, via Zoom
Broadus Davis, via Zoom
Blake Eisenhart, via Zoom
Frank Farry, via Zoom
Jamie Fazzalore, via Zoom
Elizabeth Fineburg
Ronni Fuchs

William Maeglin, via Zoom
Linda Mannherz
Carol Shelly via Zoom
Philip Wursta, via Zoom
Jeffrey Garton, Esq., Solicitor
Frank Moore, Interim VP of Administrative
Affairs/CFO

Absent: Rick Balukas Ed.D., Shamsul Huda, Carol Mignoni-Ferguson, Felicia L. Ganther, J.D., Ph.D., President

Mr. Jennings called the meeting to order at 10:15 AM.

Following the pledge of allegiance and the Roll Call, the Chair announced that, after this special board meeting, there will be a brief Executive Session to receive an update on Workday.

PUBLIC COMMENT

There was no public comment at this time.

PROPOSED AGREEMENTS WITH LOCAL TRADES

AVP Timby reported that the College received a grant for \$400,000, and the grant requires us to have an apprenticeship partner. Ours will be a pre-apprenticeship program, and those students will then be sent on to an apprenticeship. She said the Sheet Metal Workers Union will sign on as our partner for the grant. All 19 trade unions are willing to sign the MOU and assist us with this program. We will have 32 apprentices come out of the program, and they are guaranteed an interview with the unions.

Ms. Timby reported that the second item is a Project Labor Agreement, whereby the college will engage the participating unions for the construction of the Welcome Center.

Mr. Jennings added that the MOU was drafted by AVP Timby and Jeff Garton, Esq. The PLA was based on another agreement that the trades had with a major public education district, and it provides for prevailing wage (but not more than that). The agreement contains a lot of variables

such as training, quality of work, and level of management that would be helpful to our construction management.

Upon motion by Ms. Mannherz, seconded by Ms. Fuchs, the Board approved the Proposed Memorandum of Understanding regarding the Pre-Apprenticeship Program.

Upon motion by Ms. Fuchs, seconded by Mr. Wursta, the Board approved the Proposed Project Labor Agreement regarding the Welcome Center.

DRAFT AUDIT FISCAL YEAR 2021-2022

Mr. Jennings noted that the primary reason for today's meeting was the review of the FY 2021-2022 draft audit letter, received on the evening of December 7th. Guests from the auditor, Baker Tilly ("Baker"), who were present were John Compton, Audit Partner, Joe Renzi, Audit Manager, and Michael Wascura, Assurance Senior Manager (via Zoom). Mr. Compton introduced his colleagues. Mr. Jennings stated that the board and administration received the draft letter and report on December 7th but was seeing the firm's lengthy slide presentation for the first time as he spoke.

Mr. Compton said that there were a few minor housekeeping items to take care of, but overall, the audit is complete. He said this was a transition year for the college. Anytime there is turnover in key positions in the Business Office, it is viewed as an increased audit risk. This, along with the conversion to Workday, made it a challenging year. He said, all things considered, the process went reasonably well. Mr. Compton acknowledged Mr. Moore's cooperation.

Mr. Compton reported that Baker was able to provide an unmodified opinion on the college's financial statements. These statements go to third parties, such as federal, state and county governments. Those third parties need assurance that the statements are accurate. An unmodified opinion is the highest level of assurance that an auditor can provide and is in accordance with generally accepted accounting principles.

Mr. Compton reported that, operationally it was a somewhat challenging year. Expenditures were slightly up, and enrollment was down, which resulted in a net loss of \$1.1 million for the year. He said auditors focused on management override of controls, improper revenue recognition due to fraud, and the ERP system conversion (slide #7 in Baker's presentation). He said the first two are items they focus on for every audit, but the third was specific to Bucks with the Workday conversion. They also focus on cash and investments, payroll and benefits, and capital assets including leases.

Mr. Compton reported that there were a fairly significant number of journal entry adjustments this year, and the dollar value was higher than in previous years, which resulted in a material weakness finding (slide #10). Mr. Compton stated his opinion that material weakness and serious deficiency findings are not unusual in higher education and the finding here, in this audit, should

not be surprising. Trustee Fuchs asked whether Baker had provided explanations to staff regarding these findings. He referred to communication with Mr. Moore. Trustee Mannherz asked if there were some other major fundamental issues causing a delay in receiving the draft letter. Mr. Compton said no; it was simply the three issue areas noted (slide #7).

Chair Jennings asked why a material weakness attached this year when the overall posture is not much different from last year, the year before and the year before that. Chair Jennings stated that contrary to Mr. Compton's view, the material weakness finding took many by surprise. Mr. Compton replied that there were more adjustments this year, with higher figures. It is formulaic.

Trustee Eisenhart asked when this issue was first raised with Mr. Moore, and if Baker alerted the President. Mr. Compton said he did not speak with the President but has spoken with Mr. Moore. Mr. Moore said these conversations happened very late in the process, only a few weeks ago, not during the audit process. Mr. Compton said they will do better with this type of communication in the future.

Mr. Wascura noted that Baker had been waiting on receipt of information from staff which delayed the process. Mr. Wascura also said that they have had discussion of deficiencies with staff in prior years. Trustee Mannherz asked about corrective action recommended last year. Mr. Wascura referred to the continuing Workday implementation failure and staff turnover as reasons for why the deficiency/weakness remains. Baker had expected, last year, that Workday would be implemented this year. Mr. Compton added that the staff needs sufficient and qualified professionals for performing these tasks.

Trustee Eisenhart asked if there were other material weaknesses or serious deficiencies that would be identified in the final document. Mr. Compton replied no.

Trustee Maeglin asked if there was a clear path forward to address the issues. Mr. Moore indicated a number of approaches including the outsourcing of certain work either to Baker or to a firm other than Baker which both he and Baker discussed a year ago. There was discussion among Baker and Mr. Moore regarding the change in handling prepaid expenses this year (e.g., \$900k).

In reply to a question from Trustee Mannherz, Mr. Compton reported that the implications of a material weakness on the auditee means that the auditee does not qualify as a low-risk organization, and that the PDE will likely want a corrective action plan. Trustee Eisenhart asked whether Baker had identified and informed Mr. Moore on other issues of concern for the current year. Baker noted certain housekeeping items which will be shared with Mr. Moore. Chair Jennings asked if, for 2023, we can hold these conversations earlier, rather than waiting until December. Mr. Compton said that Mr. Moore needs some staff help so that the books may be closed promptly, and the audit can be effectively initiated. Mr. Moore stated that timely receipt of guidance from Baker would help. Baker said they will schedule some time in early 2023 and

that a member of the board can be present for those conversations as requested by Chair Jennings.

General discussion regarding Workday followed.

Trustee Eisenhart asked about conversations Mr. Compton has had with Dr. Ganther. Mr. Compton mentioned that he would follow up. Chair Jennings said that the Board would also follow up with Dr. Ganther seeking to have a Trustee participate in calls with Baker.

Mr. Moore asked Baker to expedite the final draft to allow for time to file it by year end. Mr. Renzi indicated that perhaps Thursday, December 22, was possible and Chair Jennings encouraged him to try really hard to get the final draft to Mr. Moore.

Upon motion by Ms. Fineburg, seconded by Ms. Fuchs, the Board voted unanimously to accept the draft audit letter dated December 7 as revised.

BOARD COMMENT

There was no Board comment.

ADJOURN

Upon the motion to adjourn being duly made and seconded, the meeting was adjourned at 11:07 A.M. The next regularly scheduled meeting of the Board of Trustees will be held at the Newtown Campus on February 9, 2023, at 10:15 AM.

William Maeglin, Secretary