Community College of Philadelphia

The Path to Possibilities™

MEETING OF THE BOARD OF TRUSTEES
Thursday, September 6, 2012– 3:00 p.m.
Isadore A. Shrager Boardroom

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Community College of Philadelphia

The Path to Possibilities™

MEETING OF THE BOARD OF TRUSTEES
AGENDA
Thursday, September 6, 2012 – 3:00 p.m.
Isadore A. Shrager Boardroom

(1) Consent Agenda

(a) Proceedings and Minutes of Decisions and Resolutions of the Meeting of June 7, 2012
(b) Gifts and Grants
(c) Learning Management System
(d) Food Service Contract
(e) Accounts Receivable Write Off-Project Grad Summer Institute Project #234125
(f) Revision of 403b Retirement Plan Document

(2) Election of Board Officers for 2012-13 (A)

(3) Report of the Chair

(4) Foundation Report

(5) Report of the President

(6) New Business

Next Meeting: Thursday, October 4, 2012
3:00 p.m. – Isadore A. Shrager Boardroom, M2-1

Future Committee Meetings:

Student Outcomes	Thursday, September 6, 2012 1:30 p.m. – Room M2-34
Business Affairs	Wednesday, September 19, 2012 9:00 a.m. – Isadore A. Shrager Boardroom
Audit Committee	Tuesday, September 25, 2012 9:00 a.m. – Isadore A. Shrager Boardroom

Upcoming Events

Robert S. King Scholarship Reception	Thursday, September 6, 2012 5:00 p.m. – The Klein Cube - P2-3
41st Annual ACCT Leadership Congress	October 10-13, 2012 Boston, MA
Pathways Awards Dinner	Thursday, November 1, 2012 – 5:30 p.m. Vie, 600 North Broad Street

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COMMUNITY COLLEGE OF PHILADELPHIA
Proceedings of the Meeting of the Board of Trustees
Thursday, June 7, 2012 – 3:00 p.m.

Present: Ms. Fernandez, presiding; Mr. Bergheiser, Ms. Cunningham, Ms. Hernández Vélez, Mr. Honickman, Mr. Johnson, Mr. Lassiter, Representative Roebuck, Ms. Vieira, Mr. Wetzel, Mr. White, Dr. Curtis, Ms. Bauer, Ms. Brown-Sow, Mr. Brown, Ms. DiGregorio, Ms. Garfinkle-Weitz, Dr. Gay, Dr. Hawk, Dr. Hirsch, and Ms. Ray

(1) Consent Agenda

Ms. Fernandez asked for a motion on the following Consent Agenda:

(a) Proceedings and Minutes of Decisions and Resolutions of the Meeting of May 3, 2012
(b) Gifts and Grants
(c) Proposed 2012-13 Student Activities, Athletics, and Commencement Budget
(d) 2012-13 Property and Casualty Insurance Renewal Program
(e) Change Order – Refacing of Winnet and Student Athletic Center Buildings to Complement New Pavilion and Bonnell Additions

Ms. Cunningham moved, with Ms. Hernández Vélez seconding, that the Board approve the Consent Agenda. The motion carried unanimously.

(2) Report of the Business Affairs Committee of the Board Meeting of May 23, 2012

(2a) 2012-13 College Budget

Mr. White reported that the Business Affairs Committee reviewed the approach that staff had taken to develop the 2012-13 budget. He noted that tuition and fee increases have been approved, and a number of cost cutting measures have been implemented to offset the potential deficit. Mr. White stated that the Business Affairs Committee discussed the need to look at future ways of revenue generation to offset the impact of raising tuition and fees on students.

At the request of Mr. White, Dr. Hawk gave an overview of the development of the 2012-13 budget. After discussion, Mr. Wetzel moved, with Ms. Vieira seconding, that the Board approve the 2012-13 budget. The motion carried unanimously.

Mr. Bergheiser thanked Dr. Curtis, Dr. Hawk, and staff for their excellent work in the development of the budget under very difficult circumstances.

(3) Nominations for Board Officers for 2012-13

Ms. Hernández Vélez, chair of the Nominating Committee for Board Officers, opened the nominations. She stated that she had received the following nominations:

Chair	Varsovia Fernandez
Vice Chair	Matt Bergheiser
Secretary	Dorothy Sumners Rush

Ms. Hernández Vélez stated that the election will take place in September.

Ms. Hernández Vélez asked if there were further nominations for Board officers. Hearing none, Ms. Hernández Vélez moved, with Ms. Cunningham seconding, that the nomination for Board Officers be closed. The motion carried unanimously.

(4) Report of the Chair

(4a) Commencement

Ms. Fernandez reported that Commencement took place on Saturday, May 5, 2012. She thanked Mr. Honickman, Ms. Sumners Rush, and Mr. White for attending.

(4b) July 5, 2012 Board Meeting

Ms. Fernandez reminded members of the Board that the July 5, 2012 Board meeting is canceled. The Executive Committee will approve the Food Service contract and any other required contracts following action by the Business Affairs Committee on June 20, 2012. The Board will ratify the contract at the September Board meeting. Ms. Fernandez stated that there will not be a Board meeting in August.

(4c) Conflict of Interest Policy and Ethics Form

Ms. Fernandez reminded several Board members regarding the completion of the Conflict of Interest Policy and Ethics form. She asked members of the Board to complete the forms and return them to the Office of the President. Ms. Fernandez stated that she had extras of both forms with her should any Board member need them.

(5) Foundation Report

Mr. Wetzel reported that gifts received in May included:

- $5,000 from Anne and Andrew Abel to fund scholarships for students in the Creative Writing Curriculum;

- A commitment of approximately $74,799 from the Wanamaker Institute of Industries to continue the Wanamaker Scholars Program;

- $30,000 from the Patricia Kind Foundation for the Homeless Student Support Project. The College Foundation will support this project with $5,000 during the first year; and

- The School District of Philadelphia funded the Parent University – ESL Classes Grant for $46,179. This program is a partnership with the School District's Parent University to offer ESL classes to parents of students in the School District.

Mr. Wetzel reported that to date, the 2012 Annual Fund has raised $98,282. He urged members of the Board who had not yet given, to make their contribution by June 30, 2012.

The Foundation's 2012 Golf Classic will be held on July 30, 2012 at Commonwealth National Golf Club in Horsham. Under Foundation Director George Burrell's leadership, the event has been revamped and anticipates a significant increase in revenue.

The Pathways Awards Event is scheduled for November 1, 2012 at Vie, the new banquet hall located at Broad and Green Streets. Ms. Alba Martinez, principal in Vanguard's Education Markets Group, has agreed to accept the Bonnell Award.

(6) Report of the President

(6a) Meeting with Legislators

Dr. Curtis reported that he was continuing to meet with legislators to advocate on behalf of the College. He stated that he had met with State Representative Cherelle Parker on May 24, 2012.

(6b) Year-End Events

Dr. Curtis reported that the Nurses Pinning Ceremony took place on May 4, 2012. He thanked Ms. Hernández Vélez for representing the Board.

Dr. Curtis reported that the Academic Awards Ceremony took place on May 4, 2012. He thanked Ms. Hernández Vélez for representing the Board.

Mr. Curtis reported that the Classified/Confidential Luncheon took place on May 9, 2012. This is an annual event where employees' years of service are recognized as well as employees of the month and employee of the year. Dr. Curtis thanked Ms. Fernandez for representing the Board.

(6c) Off-Campus Events

Dr. Curtis reported that he had attended the following off-campus events during the month of May:

- Attended the Mayor's Cabinet Reception on May 7, 2012; and
- Attended the Chamber of Commerce Conversation with Governor Corbett on May 15, 2012. A reception followed the Governor's presentation.

(6d) Announcements

Dr. Curtis stated that he was pleased to report that Community College of Philadelphia has been selected to receive a 2012 Noel-Randi Levitz Retention Excellence Award for the Center for Male Engagement. The award will be presented at the 2012 National Conference on Student Recruitment, Marketing and Retention in Chicago on July 24-26, 2012.

(7) New Business

There was no new business discussed.

(8) Next Meeting

The next meeting of the Board of Trustees is scheduled for Thursday, September 6, 2012 at 3:00 p.m. in the Isadore A. Shrager Boardroom.

The meeting adjourned at 4:00 p.m.

COMMUNITY COLLEGE OF PHILADELPHIA
Meeting of the Board of Trustees
Thursday, June 7, 2012 – 3:00 p.m.
MINUTES OF DECISIONS AND RESOLUTIONS

Present: Ms. Fernandez, presiding; Mr. Bergheiser, Ms. Cunningham, Ms. Hernández Vélez, Mr. Honickman, Mr. Johnson, Mr. Lassiter, Representative Roebuck, Ms. Vieira, Mr. Wetzel, Mr. White, Dr. Curtis, Ms. Bauer, Ms. Brown-Sow, Mr. Brown, Ms. DiGregorio, Ms. Garfinkle-Weitz, Dr. Gay, Dr. Hawk, Dr. Hirsch, and Ms. Ray

(1) Consent Agenda

The Board approved the following Consent Agenda:

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(d) 2012-13 Property and Casualty Insurance Renewal Program
(e) Change Order – Refacing of Winnet and Student Athletic Center Buildings to Complement New Pavilion and Bonnell Additions

(2) Report of the Business Affairs Committee of the Board Meeting of May 23, 2012

(2a) 2012-13 College Budget

The Board approved the 2012-13 budget.

(3) Nominations for Board Officers for 2012-13

The following nominations were received for Board Officers:

Chair	Varsovia Fernandez
Vice Chair	Matt Bergheiser
Secretary	Dorothy Sumners Rush

(4) Report of the Chair

(4a) Commencement

Commencement took place on Saturday, May 5, 2012.

(4b) July 5, 2012 Board Meeting

The July 5, 2012 Board meeting is canceled. There will not be a Board meeting in August.

(4c) Conflict of Interest Policy and Ethics Form

Members of the Board were reminded about the importance of completing the Conflict of Interest Policy and Ethics form.

(5) Foundation Report

The following gifts received in May included:

- $5,000 from Anne and Andrew Abel to fund scholarships for students in the Creative Writing Curriculum;

- A commitment of approximately $74,799 from the Wanamaker Institute of Industries to continue the Wanamaker Scholars Program;

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(6a) Meeting with Legislators

Dr. Curtis met with State Representative Cherelle Parker on May 24, 2012.

(6b) Year-End Events

The Nurses Pinning Ceremony took place on May 4, 2012.

The Academic Awards Ceremony took place on May 4, 2012.

The Classified/Confidential Luncheon took place on May 9, 2012.

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Dr. Curtis attended the following off-campus events during the month of May:

- Attended the Mayor's Cabinet Reception on May 7, 2012; and

- Attended the Chamber of Commerce Conversation with Governor Corbett on May 15, 2012.

(6d) Announcements

Community College of Philadelphia has been selected to receive a 2012 Noel-Randi Levitz Retention Excellence Award for the Center for Male Engagement.

(7) New Business

There was no new business discussed.

(8) Next Meeting

The next meeting of the Board of Trustees is scheduled for Thursday, September 6, 2012 at 3:00 p.m. in the Isadore A. Shrager Boardroom.

The meeting adjourned at 4:00 p.m.

COMMUNITY COLLEGE OF PHILADELPHIA
Office of Institutional Advancement
Monthly Summary of Grants and Gifts
September 2012

Federal Grants

The U.S. Department of Education has funded the 2012-13 Predominantly Black Institutions Program formula grant for $400,850. Funds from this grant will support ongoing efforts to increase enrollment, academic success, retention and graduation rates at Community College of Philadelphia. The project will have a focus on underserved students and those students most at-risk of not completing a postsecondary degree. Specifically, the grant will support veterans and ex-offenders through special initiatives, as well as all students in developmental and gatekeeper courses and those identified through the College's early alert system as being at risk of not completing their courses. Funds will also support science outreach programs and technology that enhances students experiences College-wide.

The U.S. Department of Education has funded year one of the five-year Upward Bound (TRIO Program) grant for $293,163. The total awarded for the five-year grant is $1,465,815. This is the College's fourth TRIO Upward Bound grant. The Upward Bound program will provide 66 eligible secondary students annually with the academic skills and motivation necessary for persistence and completion of secondary and postsecondary education. The College will partner with four persistently low achieving target high schools in the School District of Philadelphia: Edison-Fareira, Benjamin Franklin, Germantown, and South Philadelphia.

The U.S. Department of Health and Human Services (subcontracted through Drexel University) has funded year five of the five-year Faculty Development Integrated Technology into Nursing Education and Practice Initiative Grant for $20,525. The total awarded for the five-year grant is $95,700. In collaboration with the nursing programs of Drexel University, Bloomsburg University of Pennsylvania, and Howard University, the College will carry out activities to infuse technology into didactic and clinical nursing education. The five-year project will provide faculty development in education and simulation technologies with particular emphasis on their appropriate integration in the nursing curriculum and methods to evaluate technology integration's impact on learning outcomes.

Foundation Grants

The Burroughs Wellcome Fund (subcontracted through Thomas Jefferson University) has funded the Mentored Teaching Experience in Health Professional Courses grant for $24,149. This grant will support trainees at Thomas Jefferson University who are interested in teaching by pairing them with Community College of Philadelphia faculty mentors. Mentors will support the trainees in developing a classroom and lab unit and support the trainees in increasing their knowledge of pedagogy to support their growth.

The Hearst Foundations (subcontracted through the National League for Nursing) has funded year two of the three-year Integrating Geriatrics into Nursing Education grant for $115,556 for fiscal year 2012-2013. The total awarded thus far is $173,477. This project will expand dissemination of the NLN Advancing Care Excellence for Seniors (ACES) Essential Nursing Actions. ACES Essential Nursing Actions were created as a guide for faculty to strengthen geriatrics in the undergraduate nursing education curriculum in both associate's and bachelor's degree nursing programs. Through this project, the NLN and the College will conduct 24 one-day state wide workshops reaching nurse faculty in at least 20 states. Faculty will learn the essential content and methods for teaching geriatrics and be introduced to geriatric tools, resources, and simulations. Each workshop will be followed by two 1½-hour webinars, and then a pre-Summit session at the annual NLN Education Summit to expand teaching methods and curriculum strategies. Over the life of the life of the grant, at least 2,200 faculty in undergraduate (associate's degree and bachelor's degree) nursing programs will learn how to teach geriatrics through their participation in *Integrating Geriatrics into Nursing Education*.

The Lumina Foundation (subcontracted through the University of Pennsylvania) has funded the Institutional Excellence for National Black Male College Achievement grant for $20,000. This grant supports an institutional exploration of faculty and African American male student norms and perceptions through a series of focus groups and related activities. The goal is to better understand the perceptions that faculty have of African American male students and the educational process as well as the perceptions that African American male students have of faculty and the educational process. Ultimately the aim is to improve faculty-student interactions through addressing misperceptions and enhance the likelihood of a more equitable and positive classroom experience for African American males.

State Grant

The Pennsylvania Department of Education has funded the Perkins Postsecondary Local Plan grant for $1,139,610 for fiscal year 2012-2013. The goal of the Perkins Postsecondary Local Plan grant is to develop more fully the academic, career and technical skills of students enrolled in career and technical education programs.

Local Grant

The School District of Philadelphia has funded the Gateway to College program grant for $500,000 for fiscal year 2011-2012. Funding from the School District of Philadelphia will be used to support the Gateway to College program.

Community College of Philadelphia
Office of Institutional Advancement
Record of Grants and Gifts
for the September 2012 Meeting of the Board of Trustees

Summary by Grant Type:

	Current Month	Year-to-Date
Government/Public Grants		
Federal	$714,538	$714,538
State	$1,139,610	$1,139,610
Local	$500,000	$500,000
Private Grants		
Corporation		
Foundation	$159,705	$159,705
Grant Subtotal	**$2,513,853**	**$2,513,853**

GIFTS
Summary by Gift Type:

Gifts to the Foundation ($5,000+)	**Amount**	**Purpose**
AmeriHealth Mercy Family of Companies	$20,000	FY 2013 Golf Sponsor
The Daniel Veloric Foundation	$5,000	FY 2013 Golf Sponsor
FMC Corporation	$10,000	FY 2013 Golf Sponsor
Greater Philadelphia Hispanic Chamber of Commerce	$106,000	Scholarship
Independence Blue Cross	$15,000	FY 2013 Golf Sponsor
Kresge Foundation	$1,200,000	Capital
The Pincus Family Foundation	$80,000	Scholarship
Wanamaker Institute of Industries	$74,799	Scholarship
Gifts to the Foundation Subtotal	**$1,510,799**	
Gifts In-Kind		
Maureen Hall	$225	Camera and lens equipment
Ronald Miraglia	$150	Refrigerator/Freezer
Robert Nigro	$225	Camera and lens equipment
Gifts In-Kind Subtotal	**$600**	

Total Fiscal Year to Date **$4,025,252**

MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, June 20, 2012 – 9:00 A.M.

Present**:** Mr. Matthew Bergheiser (Vice Chair), presiding; Mr. Gil Wetzel, Dr. Stephen M. Curtis, Dr. Thomas R. Hawk, Ms. Jody Bauer, Mr. Gary Bixby, Ms. Susan Hauck (via teleconference), Mr. Todd Murphy, Mr. James P. Spiewak, and Jill Garfinkle Weitz, Esq.

AGENDA PUBLIC SESSION

(1) Learning Management System (Action Item):

Discussion: Susan Hauck, Dean of the Flexible Learning Options and Academic Technology, and Jody Bauer, Chief Information Officer, presented background information supporting the recommendation to move to Canvas as the College's Learning Management System (LMS). The move to a more robust LMS is one of the priorities in the approved 2012-13 budget plan. The College's LMS is required in order to offer distance and hybrid instruction, and is also an important resource for managing the instructional process in more traditionally-taught courses. The College's current LMS, WebStudy, was acquired in 1998. WebStudy does not contain the functionality nor have the ease of use that is found in the best LMS tools now available.

A comprehensive RFP process involving a review team composed of distance education faculty and administrative staff from the Academic Affairs, Information Technology and Finance areas was used to identify the recommended LMS, Canvas. Attachment A provides a summary of the review process and an explanation for why Canvas was selected as the recommended LMS.

Canvas is a relatively new LMS that is hosted in a native cloud environment. This format will both help to ensure the integrity of the student data that is generated through the LMS, and will simplify the operation of the LMS from an information technology perspective. Canvas has been successfully adopted by many higher education institutions. Locally, Bucks County Community College and Howard Community College (Maryland) have adopted Canvas. Ms. Hauck emphasized several features of Canvas that led the review committee to strongly recommend its adoption. The use of Canvas is significantly easier for faculty to master than is the case for the current LMS, WebStudy. Navigation through the LMS is intuitive. With respect to communication with students, Canvas has some important functionalities. Messaging to students, in addition to working directly through the LMS, can also be accomplished through private announcements on Facebook and text messages to student cell phones. Mobile applications are available at no cost to the College. A key feature of Canvas is a student outcomes tool which allows student's progress toward achievement of institutionally-defined outcome goals to be tracked within the Canvas environment. As students complete successfully learning activities associated with College-defined outcomes, this accomplishment is documented in Canvas and supports institutional validation of students' accomplishments of the College's educational outcome goals.

Mr. Wetzel asked what the implementation process would be for moving from WebStudy to Canvas. Ms. Hauck explained that the College's contract with WebStudy had been extended through May 17, 2013 to allow the College to operate the old and new system in parallel while the conversion of distance learning and hybrid classes is underway. Over the summer 2012 period, a test version of Canvas will be in place which will allow a small group of faculty members to experiment with the use of Canvas in order for them to understand the best procedures to undertake for the conversion of WebStudy courses into the new Canvas format. The expectation is that in fall 2012, a limited number of courses will be offered in the Canvas environment. The conversion of all courses will be completed by the end of the Spring 2013 term, with the College being fully in a Canvass-delivery mode as of May 2013. Ms. Hauck noted that there was support for the new LMS by the faculty leadership, and that the implementation schedule was felt to be reasonable by both the administrative and faculty members of the selection team.

Action: Mr. Wetzel moved and Mr. Bergheiser seconded the motion that the Committee recommend to the full Board that the College enter into a five year contract effective June 26, 2012 for the acquisition and implementation of the Canvas LMS with a total 2012-13 cost of $235,418. The motion passed unanimously.

(2) Food Service Contract (Action Item):

Discussion: The College's contract with the current food service provider, Canteen, expires August 24, 2012. An RFP process was used to develop proposals for a five-year contract to operate the College's food service operations located at all four locations effective August 25, 2012. The College's food services include: manual operations, catering and vending.

Mr. Spiewak noted that a comprehensive effort to solicit proposals from a broad range of firms was made. Twenty-three firms were invited to make proposals. However, only two formal proposals were received: Canteen and American Food and Vending (AFV). After a full review of the two firms' proposals from both a financial and quality of service perspective, it was determined that AFV was the better option for the College. Attachment B provides a description of the selection process and background information which supports staff recommendation to award the contract to AFV.

AFV is a family-owned, medium-sized firm. This represents a major profile change from the large multi-billion-dollar corporations (Compass and Sodexo) that have been the College's most recent food service providers. Detailed reference checks and site visits have supported staff's conclusion that AFV will provide a customized and responsive approach to managing the account that has been missing in our recent relationships with the large corporate partners. AFV's proposal was superior in all key selection criteria: financial return to the College, variety and pricing in menus, marketing strategies, and the financial investments that will be made in the account.

Mr. Spiewak summarized some of the key conclusions from the RFP review process. Canteen and AFV made proposals assuming the same level of annual sales which were consistent with the 2011-12 year's actual level of activity. With both firms using the same sales volume assumption, AFV proposed commissions to the College that will be approximately $15,000 higher than that which would be projected to receive from Canteen. In addition, AFV offered to make $70,000 in capital investments in the account. No capital investments were proposed by Canteen.

AFV's investments will include $35,000 to upgrade the service counter at the Northwest Regional Center. The original layout at the Northwest Regional Center was put in place by Sodexo and does not reflect the quality of the service areas that are in place at the Northeast and Main Campus sites. In addition, AFV proposes to upgrade marketing and merchandising materials used at both the Northeast and the Pavilion. This will include significant new signage and lighting to help promote sales. AFV has agreed to install Colonial card readers at selected vending machines at all four locations in support of the College's new campus card program. A critical College concern with respect to Canteen's management of the account has been the lack of any marketing efforts designed to develop students' interest in the food service account and promote sales. This has been primarily a deficiency at the corporate level. There has been no support for the local Canteen management team with help to develop marketing materials. Despite commitments made at the time of their proposal, Canteen has not developed a website for both promotional and catering ordering purposes. AFV in contrast has a full-time Director of Marketing who has been committed to working actively with the College account to develop strategies to promote student interest and increase sales through promotional efforts. AFV has an active catering website that can be integrated with the College's financial control systems to allow on-line ordering of catering by College staff.

Mr. Spiewak noted that AFV had invited food service committee representatives to visit (at AFV's expense) the corporate offices in Syracuse, as well as to visit one of their major community college sites, Onondaga Community College, located outside of Syracuse. The visit demonstrated the commitment of AFV from the top level down to the success of the account. Mr. Spiewak noted that the regional manager for the account lives locally. This geographic proximity for the senior management of the College account should be an advantage in terms of maintaining a higher level corporate support for the account. As a part of their proposal, AFV has agreed to partner with a minority-owned food distributor when procuring food stuffs for the account. AFV has also made a commitment to employ Culinary Arts and Hospitality Management students to work in the operation of the account.

Action: Mr. Wetzel moved and Mr. Bergheiser seconded the motion that the Committee recommend to the full Board that the College enter into a five year contact with American Food and Vending for the management of the College's food service operations effective August 25, 2012. The motion passed unanimously.

(3) GASB 45 (Information Item):

Staff provided an update on the biennial GASB 45 calculation process. The GASB 45 accounting standard requires that this accrued liability for post-retirement healthcare benefits receive a new actuarial reassessment every two years. For the past two fiscal years, the annual value of this accrual was approximately $6.0 million. The actuarial estimate for the 2012 fiscal year expense accrual has been increased to $7.6 million. Several factors contributed to the increase in the estimate for this future expense: updated mortality tables which increased the life expectancy assumption; recent increases in national healthcare cost trends that were greater than previously assumed by the actuaries; and an aging staff increasing the probability of post–retirement benefit expenses for the current employee cohort.

Mr. Murphy noted that the accrued liability will have the impact of pushing the reported level of unrestricted net assets to a negative level within the next two years. This circumstance was inevitable and was understood as a pending event at the time GASB 45 reporting was first introduced in 2008. The accrual has no impact on the College's liquidity. Dr. Hawk noted that Moody's had just completed a reassessment of the College's bond rating. Despite the growing value for the accrued post-retirement expense liability on the College's financial statements, Moody's concluded that the College's financial fundamentals were strong and the College's Bond rating was maintained at the A(1) level.

(4) Accounts Receivable Write Off – Project Grad Summer Institute Project #234125 - $16,398.85 (Action Item):

Discussion: In summer 2008, the College was asked to offer a month-long summer program for 40 Philadelphia high school students. The sponsoring organization was Project Grad Philadelphia, a non-profit organization led by former Board Member, Thomas Butler. Based upon a formal letter of agreement and assurances of pending federal funding, the College offered the program and incurred costs totaling $16,398.55. Delays in federal funding resulted in a formal communication from Mr. Butler that the untimely receipt of federal funding made the program ineligible for support from the intended federal funding. Funding from another source was promised to be found to pay for the costs incurred by the College. Despite repeated efforts to collect the funds from the Project Grad organization, no reimbursement was made to the College. Efforts have continued to collect the amount due to the College with no success.

Based upon the College practice of setting up allowances for potentially uncollected receivables, the value of the $16,398.85 receivable was eliminated from the value of reported assets during the 2010-11 fiscal year closing process. However, a formal write-off of the receivable was not authorized by the Board. Board policy requires that receivables with a value of $10,000 or greater be approved by the Board before being formally written off. Dr. Curtis stated that he had asked staff to continue to pursue active collection efforts.

Action: Mr. Wetzel moved and Mr. Bergheiser seconded the motion that the Committee recommend to the full Board that staff be authorized to write off the Project Grad Summer Institute Project accounts receivable write off in the amount of $16,398.85. The motion passed unanimously.

(5) Revision to 403b Retirement Plan Document (Action Item):

Discussion: Ms. Weitz explained that the College's current retirement plan does not permit any current full-time employee to take withdrawals from their plan resources. This is true for employees of any age. With Board authorization, the Plan Document can be revised to permit employees to begin distributions from their accumulated plan resources at age 70.5 whether or not they have a continuing employment relationship with the College. There are no financial or administrative issues for the College associated with making this change.

Action: Mr. Wetzel moved and Mr. Bergheiser seconded the motion that the Committee recommend to the full Board approval of the revision to the 403b Plan Document. The motion passed unanimously.

(6) Construction Projects Update (Information Item):

Mr. Bixby summarized progress to date on current construction projects. Substantial completion of the current Bonnell and Mint projects is scheduled for September 26, 2012. The main entrance to the Bonnell Building and new staircase replacing the former escalators will be in place for the start of the fall classes. Mr. Bixby noted that based upon the ongoing commissioning process, it has now been confirmed that both the new building at NERC and the Pavilion Building should achieve Gold LEED certification.

(7) Possible Meeting Dates for the 2012-13 Year (Information Item):

In order to facilitate Board calendar planning, Committees are asked to establish a meeting calendar for the year. Consistent with the new Board of Trustees schedule effective July 1, 2012, currently planned meeting dates for 2012-13 are as follows:

No meetings in July and August, 2012
Wednesday, September 19, 2012 – 9:00 A.M.
Wednesday, October, 24, 2012 – 9:00 A.M.
Wednesday, November 28, 2012 – 9:00 A.M.
No meeting in December, 2012
Wednesday, January 23, 2013 – 9:00 A.M.
Wednesday, February 20, 2013 – 9:00 A.M.
No meeting in March, 2013
Wednesday, April 17, 2013 – 9:00 A.M.
Wednesday, May 22, 2013 – 9:00 A.M.
Wednesday, June 19, 2013 - 9:00 A.M.

(8) Next Meeting Date

The next regularly scheduled meeting of the Committee will occur on Wednesday, September 19, 2012 at 9:00 A.M.

TRH/lm
BAC\0612MINS.DOC

ATTACHMENT A

LEARNING MANAGEMENT SYSTEM (LMS) RECOMMENDATION

Learning Management System Recommendation (LMS)

Submitted to the Business Affairs Committee, June 20, 2012

The FLOAT Division and the Office of Distance Education are pleased to submit this recommendation for adoption of the Instructure Canvas learning management system. http://www.instructure.com/

Why Change?

An LMS is defined as a web-based technology used to plan, implement, and assess the learning process. The Learning Management System (LMS) has strategic importance to the college as the primary platform for our Distance Education program, and as the future enterprise-wide application for teaching and learning.

Since the inception of online learning in 1998, CCP has used the WebStudy LMS. From very modest beginnings of a handful of online courses supported on a part-time basis by one faculty member, Distance Education at CCP now encompasses some 220 course sections each semester, taught by over 120 faculty members, totaling over 15,000 annual registrations, and supported by two full-time administrators. Online learning at CCP has become a central component of our activities, and will be integral into every aspect of the learning enterprise.

As a result of the dramatic changes in online learning in the last 14 years, we now find ourselves lagging behind other community colleges. Most colleges provide a single online platform for all varieties of online learning, whether face to face, hybrid, or online. CCP should aspire to this ubiquitous usage of the LMS. In addition, while Distance Education is one area where we are still experiencing enrollment growth, faculty at CCP have been cautious adopters. As noted in the National Community College Benchmark Project (http://www.ccp.edu/vpfin-pl/ir/ir_reports/ir_report_221.pdf) compared to other Pennsylvania community colleges, we offer fewer distance learning classes than most of our peers. While technology is not the only factor, the perception of WebStudy as difficult to master is certainly a contributing factor. With our contract for WebStudy ending on June 30, and in conjunction with the desire to provide a single enterprise-wide system, we took the opportunity to review the LMS marketplace. Our goal was to select the best available platform to enable our faculty to broadly adopt online learning technologies.

LMS Review Results and Recommendations

The LMS Action team that produced this recommendation based its unanimous decision on the data collected between January – May 2012, from demonstrations, vendor responses to a detailed RFP, online surveys, interviews with peer institutions, and user testing. Specifically, the review process consisted of:

- On-campus presentations by LMS vendors during the January 2012 Professional Development Week, open to the entire College community
- Distribution of a Faculty Survey to all CCP faculty on LMS usage and essential features

- Development and issuance of a Request for Proposal (RFP) to eight LMS vendors
- Evaluation of the completed RFP documents by a Review Team of 13 volunteers from CCP faculty, ITS, Purchasing, Distance Education, and FLOAT, using an evaluation instrument and follow-up questionnaire
- Detailed on-campus presentations to the Action Team by the finalist vendors
- Hands-on testing of the finalist LMSs
- Consultations with online learning professionals at peer institutions that had recently performed a similar LMS evaluation, including Buck County Community College, Camden County College (NJ), Delaware County Community College, and Howard County College (MD)

This recommendation to adopt the Canvas LMS represents the results of the review process by unanimous agreement of the Action Team members.

Ease of Use

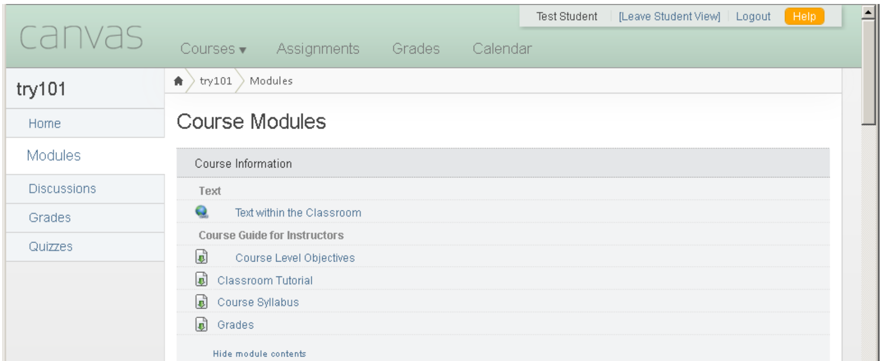
Canvas represents a new breed of LMS, with a simple, elegant interface that is easy for both faculty and students to intuitively use, including a welcoming "dashboard" that immediately alerts you to all recent activity. Arguably the most important aspect of any technology isn't how many features it has, but how easy it is to use. It's clear that one of the core principles of Canvas is user experience, which you can see immediately in its clean, uncluttered interface. Extra items don't get in the way and important things are readily available. All the Canvas tools are fully ADA compliant, and they have received a Gold certification from National Federation of the Blind, the highest award given. With the help of ITS, we hope to integrate it into our portal, so there will be the same username and password on both systems. There is also integration with publisher websites.

Communication, Collaboration

Canvas is built around communication and collaboration. Communication happens with simple, Facebook-like private messaging and public discussion threads, course notifications that a student can opt to receive by Facebook, Twitter, or text message, and integration with TinyChat and BigBlue Button. Canvas has video/audio capability so the instructor can post any type of media into all content areas including Announcements, Discussion Boards, Assignments, Grades. Students have access to a free mobile app for iOS, and because Canvas is HTML5 compliant, it works well on all mobile browsers.

Focus on Learning

When user experience and communication are made easier, more time and attention can be devoted to actual teaching and learning. This isn't a minor point. Most LMS's are so cumbersome and confusing that the majority of training is spent explaining how to accomplish basic tasks. Beyond that, Canvas puts the focus on learning in a few key ways.



Rubrics lay out the objectives for an assignment and criteria for grading, and can be tied to outcomes. The Speedgrader and rubric functions provide a wonderful connection to the teaching/learning process; instructors can efficiently complete grading, while students can be engaged in the process (through video/audio/text comments back to their instructors) and playing "what-if" scenarios to determine how to achieve their ideal grades. The learning outcomes tool will potentially transform the way CCP approaches outcomes assessment. It simplifies the process of tracking students and their progress on individual course and program outcomes. Outcomes can be established by any administrative level (i.e., college wide, division or program level, course level, section level, and attached to individual assessment items).

Costs

One time Implementation fee: Includes SIS Integration, SSO, branding, training	$12,000
First year of a 5 year contract: (average over 5 years: $205,794, which includes a 5% escalation rate)	$186,218
Premium Support: Includes 8 hour response time, dedicated account manager, 24/7 phone support for admin	$37,200
Total	$235,418

Conclusion

With its intuitive, innovative interface, pedagogically driven applications, instructional resources, mobile technology, and user engagement, Canvas is the best choice for CCP's new learning management system. As the college seeks to improve in academic excellence and student success, Canvas is the LMS that will best support our efforts.

ATTACHMENT B

RECOMMENDATION FOR FOOD SERVICE CONTRACT

Recommendation for Food Service & Vending Provider

Process

- Committee formed – An eleven member committee consisting of staff from Academic Affairs, Student Affairs, Institutional Advancement, Auxiliary Services, Professional Development, Community & Special Events, Facilities, Finance and Purchasing was created.
- RFP – Purchasing and Auxiliary Services developed the prior food service RFP and presented it to the Committee for review. The RFP requests proposals for a five year contract effective August 25, 2012. Committee members recommended edits, changes and additions. On March 5, 2012, the RFP was sent to twenty-three vendors.
- Pre-bid meeting – A mandatory pre-bid meeting was held on March 16, 2012 in the Pavilion Building. Following the meeting, tours were conducted of the Colonial Café and the cafés at the Northwest and Northeast Regional Centers. Six vendors attended the pre-bid meeting and tours.
- Addendum to RFP – Purchasing issued an addendum to the RFP to answer vendor questions. Additional data related to the food service and vending operations was also provided to the vendors.
- Union Issues – The College provided vendors with the appropriate contact for the food workers union.
- References and Site Visits – Staff contacted five current clients of American Food and Vending and visited Onondaga Community College. Staff contacted two current clients of Canteen and visited Delaware County Community College.
- Interviews with finalist – On May 14, 2012, members of the committee interviewed the vendors that submitted proposals – Canteen (incumbent) and American Food & Vending.
- Rating sheets – Members of the committee submitted rating sheets based upon certain criteria including: Food program/menus/concepts; Staffing; Pricing/Portions; Management; Training practices; Sanitation & Safety; Financial return; Catering program.

Responding Vendors

- Canteen – Canteen is the current provider of food services and vending at the College. Canteen was awarded a three year contract in August of 2008 and was granted a one-year extension in August of 2011. Their contract expires as of August 24, 2012. Canteen is a subsidiary of Compass Group, one of the largest food service and vending companies in the world with annual revenues approaching $11 billion.
- American Food & Vending – AFV is an independently owned business headquartered in Syracuse, NY and has been in business for twenty-two years. AFV services accounts in sixteen states generating approximately $100 million in sales from dining, catering, vending and office coffee services.

Vendor Comparison

- Commission to College

  Canteen proposed a commission structure very similar to the expiring contract and offered a guarantee of $16,000 for dining and $40,000 for vending. Canteen also offered a $50,000 upfront signing bonus. This structure equates to a commission of $66,000 on an annualized basis. Additionally, a commission rate of 15% would be paid on vending sales in excess of $300,000. Current vending sales are approximately $368,000; the additional vending commissions would therefore approximate $10,000. Total annual commissions would approximate $76,000. Canteen also offered a pool of funds totaling $5,000 per year for Culinary Arts Program student workers. Canteen declined to bid on the Bonnell Coffee Express venue.

  AFV proposed an annual commission guarantee of $100,000 to be paid upfront at the start of each fall semester. In addition, for years three through five of the contract, AFV will pay a commission rate of

8.5% on all net sales in excess of $2 million. Current year net sales are projected to be $1.87 million.

- Capital Investments

  Canteen did not propose making capital investments at any location.

  AFV proposed the following capital investments:

  ✓ NWRC - $35,000 to upgrade the service counter with new equipment and millwork.
  ✓ NERC - $10,000 to upgrade the marketing and merchandising package.
  ✓ Pavilion - $25,000 to upgrade the marketing and merchandising package in both year one and year two of the contract.
  ✓ Vending – will install Colonial Card readers on a negotiated number of vending machines.

- Revenue Projections

  Both Canteen and AFV presented revenue projections that are realistic when compared to the projected revenues for the current year. The revenue projections for the dining services locations were very similar with Canteen projecting sales of $1.147 million and AFV projecting sales of $1.148 million. Current year sales are projected to be $1.097 million.

  Canteen projected lower vending sales than AFV - $350,000 versus $392,000. Current year sales are projected to be $368,000.

  Canteen also projected lower catering sales than AFV - $286,000 versus $440,000. Catering sales fluctuate from year to year and during the past four years have ranged from a low of $292,000 to a high of $483,000.

- Staffing

  Both Canteen and AFV presented staffing levels that match the requirements of the College. Both proposals include staffing the Pavilion with a general manager, a lead chef, and an assistant manager/catering supervisor. AFV proposed slightly more staffing hours than Canteen but at a lower hourly wage.

- Management

  Canteen's local management team has shown an earnest desire to meet the College's expectations; however, the regional and corporate offices have offered minimal support to assist them in achieving their goals. Likewise after a significant reorganization in Canteen's upper management, the regional and corporate offices have retracted their enthusiasm for the CCP account. The reluctance of the regional and corporate offices to acknowledge and respond to areas of concern for the College has been disappointing.

  AFV defined the involvement of their corporate level managers through their proposal, presentation, and follow-up. The corporate management team reacted promptly and positively during all stages of the bid process. They encouraged and initiated a tour of their Onandaga Community College facility and their corporate offices in Syracuse, NY. From all indications, the corporate team selectively appoints site managers and continues to be available to the client for decisions outside of the local manager's authority

- Marketing & Promotions

  Canteen's proposal stated that they will continue to promote the café internally in a variety of ways and offer value meals and specials and conduct a "welcome back" event the second week of each Fall and Spring semester. Canteen established a budget of $500 per quarter for prizes, decorations and give-a-ways.

During the interview process, AFV introduced their Director of Marketing who presented creative ideas that would apply to the College's venues. The AFV proposal included a variety of ideas featuring customer value options, frequent buyer incentives, monthly culinary promotions, seasonal promotions and fun competitions. AFV also detailed the visual merchandising they will use at the College which includes nutritional values. A full range of marketing options was in place at the Onondaga Community College facility at the time of the staff's visit.

- <u>Website</u>

  Canteen did not create a dining services website as was expected during their initial contract period. The College developed its own website and relies upon Canteen to provide updated information including hours of operation, menu pricing and weekly menu specials.

  AFV has reviewed the information that is currently provided on our website and has stated that both their corporate office and local management team will be capable of remotely updating information including menus and promotions. In addition, AFV has created a web process for catering orders which is currently implemented by their other college clients. AFV is capable and willing to build our cost center approval process into their web process.

- <u>Dining Services</u>
  Canteen increased the sales at both the Main Campus and the Northeast Regional Center once the new cafés were established. Despite larger facilities and more customers, understaffing at both locations has been an issue and has negatively affected operations. Staff receives minimal complaints concerning pricing and portions with the exception of the "International Station" where entrees are priced by the pound. There is a general consensus that sales could be increased if more marketing and promotions were done.

AFV expressed that they recognize the opportunity to increase sales through strategic planning in areas such as scheduling, menu selection and staffing. Although they generally work with and encourage services with a meal plan option, they indicate that they are comfortable with the College's pay-as-you-dine arrangement. AFV explained that they experiment with and exhaust all options in order to determine what will work best for each client and for AFV's profit goals

- Vending

  Canteen has provided excellent service in the vending arena. Sales have consistently grown since they acquired the account and they have replaced many older machines over the years with newer, custom designed state-of-the art units. They promptly repair equipment as needed and keep the units well stocked with merchandise.

  AFV promises to offer the same number of machines and varieties of product as are currently available. They are open to the College's recommendations on location and types of machines. They propose a vending product delivery schedule that would eliminate the need for excess product storage. Prepackaged perishable products such as yogurt cups would be extracted from the dining services inventory and fresh vending selections such as salads and sandwiches would be prepared as needed in the café kitchens. AFV utilizes the College's CBORD card readers at other vending locations and state that they are committed to installing the readers as agreed upon at our location.

- Catering

  Canteen has received mixed grades concerning their catering operations. Customers are generally pleased but do express a desire for more creativity with the catering options. Although infrequent, complaints related to presentation, food quality or order errors have been reported. Canteen receives and is generally able to respond to late orders and last minute revisions. Canteen created a special low-cost catering menu for student activities' clubs and organizations.

AFV presented catering menus that offer greater variety and has indicated that they would create a custom catering menu for our location with price points and menus that parallel our customer requests. They have no limits on the size of the order and no delivery charges. They have experience catering large functions and currently provide catering services to municipal functions held in the SRC Arena and Events Center on the Onondaga Community College campus.

- References

Staff spoke with six different colleges that use AFV. One college only used AFV for vending. Of the other five colleges, two were new clients of AFV. All of the references have had positive experiences with AFV and at least three of them had switched from a large national firm. They made the switch because they thought AFV would be more flexible and responsive to the needs of their college and provide more marketing and promotion.

Two other local community colleges that are clients of Canteen were contacted. Both colleges have had Canteen as their operator over the same time period as the College. One recently re-bid the contract and only received two proposals. They awarded the contract to Canteen since they offered the best financial agreement and note that service is improving. The other college reported that, although they are not dissatisfied with Canteen, they feel that Canteen could increase sales if there was more corporate support and marketing initiatives.

Financial Information

	2012-13 Projections		
	AFV	Canteen	2011-12 Actual (Canteen)
Colonial Café Sales	$807,590	$791,100	$740,000
NERC Sales	$233,593	$240,000	$250,000
NWRC Sales	$106,883	$116,000	$107,000
Subtotal	$1,148,066	$1,147,100	$1,097,000
Catering Sales	$440,000	$286,310	$404,000
Vending Sales	$392,000	$350,000	$360,000
Total without Coffee Express	$1,980,066	$1,783,410	$1,861,000
Coffee Express Sales	$140,000	no bid	N/A
Projected Café Customer Visits	423,850	410,000	
Average Sale per Visit	$3.04	$2.80	
Labor Costs - Manual	$647,692	$649,432	
Labor Costs - Vending	$96,126	$87,500	
Guaranteed Return to CCP	$100,000	$66,000	
Additional Return		$12,900	Based upon Vending sales of $368,000. Based on 5% commissions for sales of $150,000.
Potential Coffee Express Commissions		$7,500	
TOTAL	$100,000	$86,400	
Capital Investment	$95,000	$0	

Recommendation

College staff recommends that a five year contract be awarded to American Food & Vending effective August 25, 2012.

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Tuesday, June 26, 2012 – 12:00 Noon

Present: Mr. Richard Downs (Chair), presiding; Ms. Dorothy Sumners Rush, Mr. Gil Wetzel *via teleconference*, Ms. Varsovia Fernandez, Dr. Stephen M. Curtis, Dr. Thomas R. Hawk, Ms. Elaine Kosieracki, Mr. James P. Spiewak, Jill Garfinkle Weitz, Esq., Mr. Todd E. Murphy and representing KPMG, LLC: Ms. Chris Chepel and Mr. Arthur Ayres

AGENDA – PUBLIC SESSION

1. 2011-2012 Audit Process (Information Item):

Attachment A contains the formal presentation made by Ms. Chris Chepel, Engagement Partner and Mr. Arthur Ayres, Engagement Manager from KPMG, LLC. Ms. Chepel began her discussion by briefly describing their Client Service Team. She noted that there was a change in the IT Audit staff and that their work was almost complete. Ms. Chepel explained that the annual audit is a collaboration of the College's financial managers, Internal Auditor, Audit Committee members, and the KPMG audit team. Through this collaboration, KPMG helps to ensure that there is good communication to all these groups before they actually begin the audit.

Mr. Ayres briefly discussed the scope of the audit which is contained in Attachment A. He described the deliverables that are part of their scope and reviewed the auditing procedures. Audit components include the General Financial Statement audit, Foundation audit, the A-133 audit, and the State Agreed Upon Procedures (Enrollment) audit.

Mr. Downs asked if the requirements had changed for the A-133 audit. Ms. Chepel explained that nothing has changed as of yet; however, there are two proposals on the table. The first is to change the threshold from $500,000 to $1,000,000 or possibly $3,000,000 as the level of federal awards at which an A-133 audit is required. This would not affect CCP because the College receives $90,000,000 in federal awards. The second change revises the compliance requirements so that the some of the audit fieldwork is reduced. This change will not go into effect until 2012-13 or a later fiscal year. The Federal Government has recognized that single audits have put an undue burden on many not-for-profits and governmental entities.

Ms. Chepel outlined several items that KPMG would focus on during the audit. These include: the construction projects, the Foundation Capital Campaign, the transfer of funds from the Foundation, and the TAACCCT grant. The TAACCCT grant may have the impact this year of reducing the number of other federal programs KPMG includes in the A-133 audit process. Because of the large size of the grant, the computation for what is a major program will change.

Ms. Chepel provided an update on potential GASB standard changes. These changes may be in place as early as reporting for 2012-13. The first is the introduction of a new reporting concept different from assets and liabilities called "deferred inflows and outflows of resources." This is very similar to the concept of "other comprehensive income." The biggest impact for this change will occur for governmental entities holding derivative instruments. This is not an issue for CCP. The second impact is in the new pension and other post employment benefit standards. GASB just approved a change to the pension benefit that requires the whole liability to be recognized at once in the financial statements. The College does not have a College-based pension plan; however, it is likely that GASB will follow the same rule for "other post retirement benefits." This could have the impact of requiring the College to record the entire OPEB (Other Post-Employee Benefit) retirement liability immediately rather than amortizing it in over thirty years as is now being done. However, there is consideration for a part of the liability to be in a "deferred outflow" category. Current employees will be treated in the "deferred outflow," while retirees will continue to be recorded as a deferred expense. This will change the accounting for OPEB significantly and may reduce the value of the GASB 45 liability recorded on the statements.

Dr. Curtis asked if some of the accounting entries we have already made for GASB 45 would be reversed. Dr. Hawk explained that it would be possible; however, it is a complex question that our actuary would have to help us answer.

Ms. Chepel asked the Committee if there were any additional areas that they would like to see KPMG focus on during the 2011-12 audit. Mr. Downs expressed his concerns about future College budgets. Mr. Downs noted the areas the Committee should be concerned about that might affect the College budget in the future are enrollment, contributions from the State and City, and the impact of tuition increases on enrollment. Ms. Chepel stated that those types of issues should be covered in the commitments and contingencies questions and disclosed in the financial statements' "Management Discussion and Analysis." Mr. Murphy pointed out that even though the MD&A is "unaudited," this section of the financial statements is looked at very closely by the auditors. Ms. Chepel pointed out that the auditor's role is limited to read and comment on the MD&A section.

Ms. Chepel discussed required communications and potential fraud risk. Specifically, KPMG will test internal controls related to journal entries to understand what factors might potentially impact the financial statements. KPMG will ensure through their audit process that the required controls are in place and communicate that to management. In addition, as part of the two-way communications, the Audit Committee should communicate any other concerns to KPMG. This year there is concern over the TAACCT grant and the exposure the College faces as a result of being the lead institution for the other 13 community colleges. Specifically, if one of the other 13 colleges has a finding in their A-133 audit, CCP will automatically now have a finding as well. Mr. Murphy explained that the College goes through a thorough procedural review process with the other colleges before any funds are disbursed. The College has taken the necessary steps to ensure procedures are in place that will meet the audit requirements for the grant. If the College encounters issues from one or more other colleges, the College can engage KPMG to do an "agreed upon procedures audit," if it is deemed necessary. Ms. Chepel pointed out that the other 13 colleges are subject to their own A-133 audits. As part of the monitoring procedures, CCP will obtain copies of those audits and follow up with any corrective action items. Dr. Hawk explained that the grant's financial controls appear to be in good shape; however, where he is most concerned is in the programmatic controls, where a college might not complete their program objectives in time or not serve the planned number of students. This is a much more difficult issue for the College to manage.

Ms. Chepel asked if there was anything not covered in the handout of potential areas of audit that the Committee would like to see added to this year's audit. Ms. Fernandez stated that she was comfortable that the scope of the audit addressed current Board areas of concern.

2. GASB 45 Assessment (Information Item):

Mr. Murphy noted that this issue was also discussed at the Business Affairs Committee on June 20, 2012. Attachment B contains a thirty-year schedule of projected costs. The GASB 45 accounting standard requires that the accrued liability for post-retirement healthcare benefits receive a new actuarial reassessment every two years. For the past two fiscal years, the annual value of this accrual was approximately $6.0 million. The actuarial estimate for the 2012 fiscal year expense accrual has been increased to $7.6 million. Several factors contributed to the increase in the estimate for this future expense: updated mortality tables which increased the life expectancy assumption; recent increases in national healthcare cost trends that were greater than previously assumed by the actuaries; and an aging staff increasing the probability of post–retirement benefit expenses for the current employee cohort.

3. Raising Threshold for Assets from $1,500 to $5,000 to be Capitalized (Information Item):

Staff discussed the planned change to the College's threshold for capitalization of fixed assets from $1,500 to $5,000 per item. This will make the College in line with most grant and the IRS thresholds. Ms. Fernandez raised a concern on how the College's net assets would be affected. Mr. Murphy explained that the change will take place on July 1, 2012, and that any previously recorded capital assets at the lower value would continue to be depreciated at their current useful life. Only new assets acquisition will use the new threshold. Mr. Murphy noted that this change will greatly ease current capital asset management procedures. There is a large amount of institutional effort in maintaining assets at the $1,500 level. No other Pennsylvania community college has a threshold as low as $1,500. This change has been recommended by KPMG for several years.

4. Internal Audit Plan 2012-2013 Year (Information Item):

Ms. Kosieracki provided an update on the 2011-2012 internal audit process. Specifically, she discussed the review of the President's contingency fund, several grants, and the procurement card program. No exceptions were noted.

Ms. Kosieracki presented the 2012-2013 Audit Plan (Attachment C) and discussed each item describing the amount of time that will be needed along with the potential risk factors. She explained how the audit plan is compiled by meeting with the College's Vice Presidents for suggestions and using standard risk indicators to identify areas which should receive attention in the internal audit process. Planned 2012-13 internal audits include: new billing procedures in the Bursar's area, purchasing procedures, and the Study Abroad Program. Procurement cards and site visits to off-campus programs will continue to be part of each year's audit plan. Under operational reviews, the new Colonial One Card and Center on Disability will be reviewed. Financial aid procedures regarding IRS documents and Academic Progress for Pell Grants will be reviewed to ensure compliance with the new Title IV regulations.

5. Audit Committee Self-Assessment (Information Item):

Mr. Downs stated that the he would like the Committee and staff to complete the questionnaire and for the results presented at the next Audit Committee meeting. Mr. Downs noted that answering question five may be difficult for Committee members.

In addition, Mr. Downs asked the Committee to review the questionnaire in order to suggest additional questions that should be added. All completed questionnaires were to be sent to Mr. Murphy in the Controller's Office.

6. September Meeting Date (Information Item):

The next Audit Committee meeting is scheduled for Tuesday, September 25, 2012 at 9:00 A.M.in the Isadore A. Shrager Boardroom, M2-1.

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ATTACHMENT A

KPMG's PRESENTATION
TO THE AUDIT COMMITTEE
JUNE 26, 2012

KPMG

cutting through complexity

Discussion with the Audit Committee

Community College of Philadelphia

June 26, 2012

Agenda – 2012 Audit Plan

Client Service Team

Objective of an Audit

Responsibilities

Audit Plan

- Scope
- Timing
- Current year considerations
- Significant audit areas
- Approach to fraud risk
- Definitions - Material weakness and significant deficiency
- Other matters for discussion

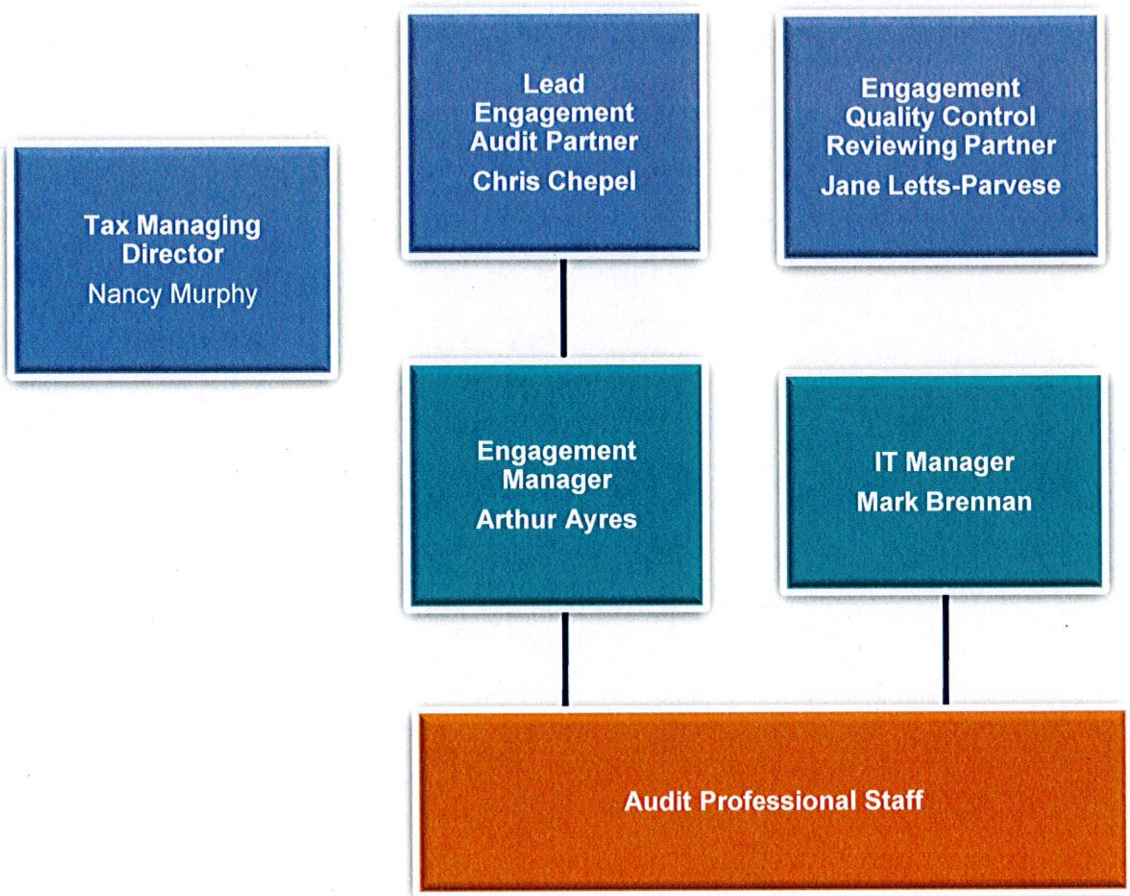
New Pronouncements

KPMG's Audit Committee Institute

Appendix – Recent KPMG Publications

This presentation to the Audit Committee is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

Client Service Team



Objective of an Audit

- The objective of an audit of financial statements is to enable the auditor to express opinions about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are presented fairly, in all material respects, in conformity with generally accepted accounting principles.

- We plan and perform the audit to provide reasonable, not absolute, assurance that the financial statements are free from material misstatement, whether from error or fraud.

- We design tests of controls to obtain sufficient evidence to support the auditor's control risk assessments for purposes of the audit of the financial statements.

Responsibilities

Management is responsible for:

- Adopting sound accounting policies
- Fairly presenting the financial statements in conformity with generally accepted accounting principles
- Establishing and maintaining effective internal control over financial reporting
- Identifying and confirming that the College complies with laws and regulations applicable to its activities
- Making all financial records and related information available to the auditor
- Providing the auditor with a letter confirming certain representations made during the audit that includes, but are not limited to management's:
  - disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the College's ability to record, process, summarize, and report financial data; and
  - acknowledgement of their responsibility for the design and implementation of programs and controls to prevent and detect fraud

Responsibilities (continued)

The Audit Committee is responsible for:

- Oversight of the financial reporting process and internal control over financial reporting

Management and the Audit Committee are responsible for:

- Establishing and maintaining internal controls to prevent, deter, and detect fraud
- Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities.

Responsibilities (continued)

KPMG is responsible for:

- Forming and expressing opinions about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are presented fairly, in all material respects, in conformity with generally accepted accounting principles
- Planning and performing the audit to obtain reasonable – not absolute – assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. Because of the nature of audit evidence and the characteristics of fraud, we are able to obtain reasonable, but not absolute, assurance that material misstatements will be detected.
- Evaluating:
  - (a) whether the College's controls sufficiently address identified risks of material misstatement due to fraud; and
  - (b) controls intended to address the risk of management override of other controls
- Communicating to you in writing all significant deficiencies and material weaknesses in internal control identified in the audit and reporting to management all deficiencies noted during our audit that are of sufficient importance to merit management's attention
- Conducting our audit in accordance with professional standards
- Complying with the rules and regulations of the Code of Professional Conduct of the American Institute of Certified Public Accountants, and the ethical standards of relevant CPA societies and relevant state boards of accountancy
- Planning and performing our audit with an attitude of professional skepticism
- Communicating all required information, including significant matters, to management and the Audit Committee

Audit Plan – Scope

	Deliverables
Primary Audit	▪ Opinions on the financial statements of the College and its component unit Foundation ▪ Report under *Government Auditing Standards* on internal control, compliance and other matters ▪ Reports required under U.S. OMB Circular A-133, *Audits of States, Local Governments and Not-for-Profit Organizations* (Single Audit) ▪ Enrollment (State) agreed-upon procedures letter ▪ Issue management letter presenting our recommendations regarding internal controls and other operational matters ▪ Report to the Audit Committee on various matters in accordance with SAS 114, *Communication with those Charged with Governance*
Other Reports and Services	▪ Tax Services (Form 990 for the Foundation) ▪ PA Department of Community and Economic Development (DCED) audit report(s) (if required)

Audit Plan – Timing

Interim Phase (June-July 2012)

- Planning meeting with management
- Audit Committee Meeting to discuss the 2012 audit plan
- Conduct review of the internal financial statements, and meet with senior management to discuss year-to-date results and identify any emerging accounting and financial matters
- Update understanding of key processes, risks, and internal controls
- Perform audit procedures on internal controls and selected interim balances
- With respect to the A-133 audit, identify preliminary major programs and hold A-133 planning meeting with key members of program management
- Start A-133 procedures
- Information Technology procedures
- Provide feedback on results on interim procedures, potential management letter comments, and audit plan revisions, if any

Financial Statement Phase (August – September 2012)

- Perform substantive audit procedures on year-end balances
- Meet with management to review final audit findings and draft auditors' reports
- Present final drafts of audited financial statements and management letter to the Audit Committee in September 2012
- Issue final financial statements, Government Auditing Standards report, and management letter
- Final determination of major programs for A-133 Audit

Other Reporting Phase

State AUP (enrollment) report

- Targeted issue date 12/15
- Due 12/31

Single (A-133) Audit

- Targeted issue date 1/31
- Due 3/31

DCED Reports (if applicable)

- Due 120 days after grant end date

Audit Plan – Current Year Considerations

Ongoing and recently completed construction projects

Foundation capital campaign (including Challenge Grant)

TAACCCT grant

GASB projects

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

- Effective for periods beginning after December 15, 2011

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

- Effective for periods beginning after December 15, 2011

Statement No. 65, *Items Previously Reported as Assets and Liabilities*

- Effective for periods beginning after December 15, 2012
- Includes debt issuance costs and deferred gain/loss from refunding of debt, which will now be considered deferred inflows/outflows of resources instead of assets and liabilities

Postemployment Benefit Accounting and Financial Reporting

- Final Pension Standards expected in June 2012 (with likely phased effective date over the next two years)
- OPEB deliberations expected to begin in June 2012
- Currently, a liability is reported in the event that a government funds less than its actuarially-determined annual required contribution
- Under the proposed approach:
  - Pension liability will be reported as employees earn their pension benefits by providing services
  - Changes in pension liability will be immediately recognized as pension expense or reported as deferred outflows/inflows of resources depending on nature of the change

Audit Plan – Significant Audit Areas

Routine balances and transactions	Significant management estimates and nonroutine items
▪ Cash and cash equivalents (including appropriate collateralization) ▪ Tuition and fee revenue and related accounts and loans receivable ▪ Auxiliary enterprises ▪ Student financial aid ▪ Gifts, grants and contracts and related receivables ▪ State and city appropriations and related payables and receivables ▪ Investments and related return ▪ Capital assets and related depreciation ▪ Accounts payable and expenses ▪ Long-term debt and related accounts ▪ Payroll-related accruals and expenses ▪ Activities of component unit Foundation ▪ Journal entries (consideration of risk of management override)	▪ Fair value of investments in investment companies (e.g., Common Fund) ▪ Postretirement benefit obligations ▪ Discount and allowance for pledges receivable (Foundation capital campaign) ▪ New/ongoing construction (expenditure of bond proceeds, grants, and gifts) ▪ Commitments and contingencies

Audit Plan – Approach to Fraud Risks

Identification of fraud risks:

- Perform risk assessment procedures to identify fraud risks, both at the financial statement level and at the assertion level
- Discuss among the engagement team the susceptibility of the entity to fraud
- Perform fraud inquiries of management, the Audit Committee and others
- Evaluate the College's broad programs/controls that prevent, deter, and detect fraud

Response to identified fraud risks:

- Evaluate design and implementation of anti-fraud controls
- Test effectiveness of anti-fraud controls
- Address revenue recognition and risk of management override of controls
- Perform specific substantive audit procedures (incorporate elements of unpredictability)
- Evaluate audit evidence
- Communicate to management and the Audit Committee

Fraud risk presumed under professional standards:

- Risk of management override of internal controls (Journal Entries)

Audit Plan – Definitions of Material Weakness and Significant Deficiency

Material Weakness

A deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the College's annual financial statements will not be prevented or detected on a timely basis.

Significant Deficiency

A deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the College's financial reporting.

Additional Considerations

- Evaluation of the severity of a deficiency, individually or in combination, considers both qualitative and quantitative factors
- The severity of a deficiency does not depend on whether a misstatement has actually occurred, but rather on whether there is a reasonable possibility that the College's controls will fail to prevent or detect a material misstatement on a timely basis
- More attention is given to the evaluation of deficiencies with the most potential to be material or important enough to merit the attention by those with oversight responsibility for the College's financial reporting

Audit Plan – Other Matters for Discussion

Areas that may warrant particular attention during the audit:

- Fraud risks?
  - Misappropriation of assets?
  - Financial reporting?
- Risks of misstatement due to error?
- Changes in institutional strategy?
- Changes in key personnel?
- Changes in technology?
- Significant legal or regulatory matters?
- Significant or unusual transactions?

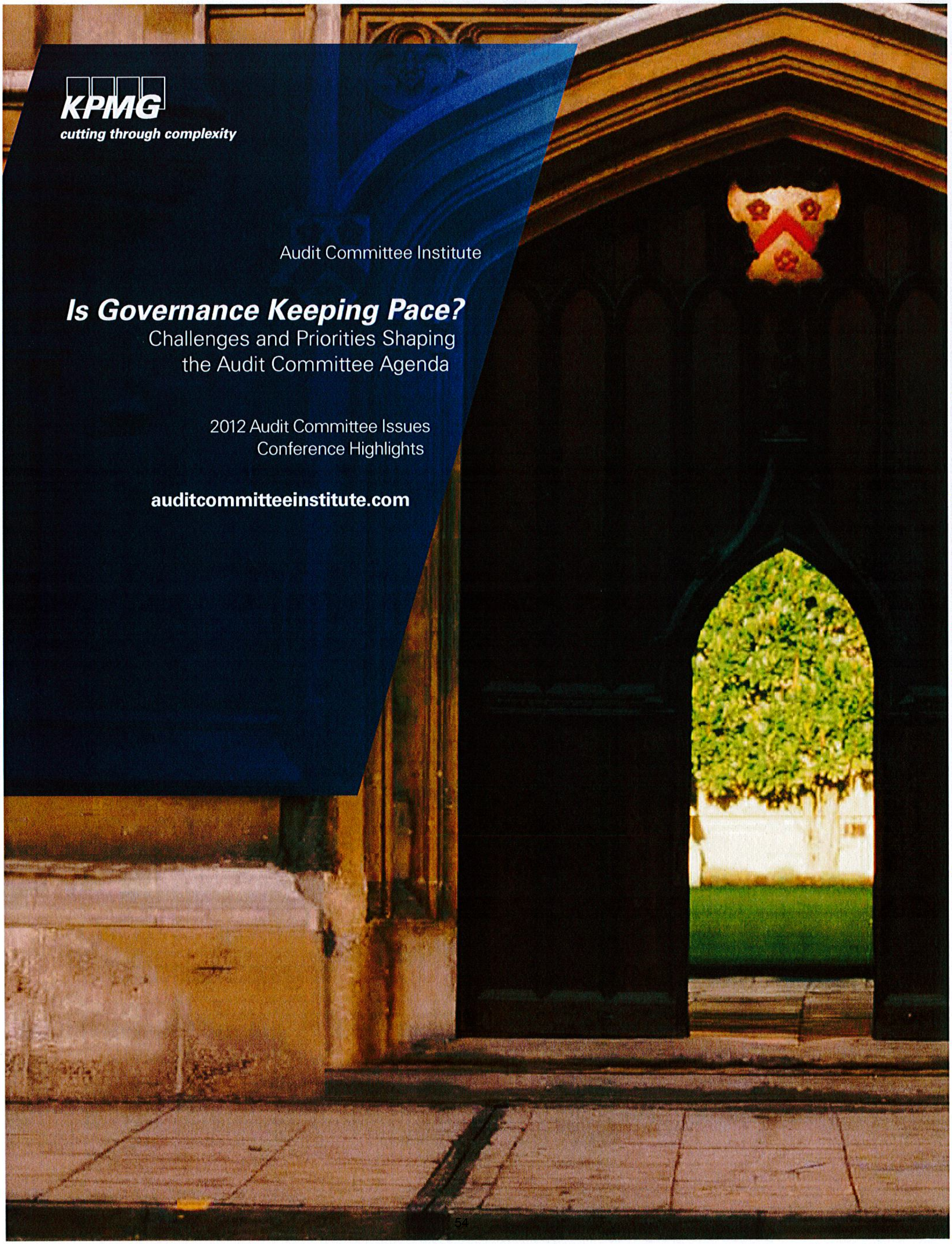
KPMG's Audit Committee Institute (ACI)
Communicating with Audit Committees Since 1999

Resources

- *Audit Committee Insights – U.S. and International editions (biweekly electronic publications): www.kpmginsights.com*
- ACI Website: www.auditcommitteeinstitute.com
- ACI mailbox: auditcommittee@kpmg.com
- ACI hotline: 1-877-KPMG-ACI

See attached ACI recent publication.

Appendix: *Is Governance Keeping Pace?*



KPMG

cutting through complexity

Audit Committee Institute

Is Governance Keeping Pace?

Challenges and Priorities Shaping the Audit Committee Agenda

2012 Audit Committee Issues Conference Highlights

auditcommitteeinstitute.com

About the Audit Committee Issues Conference

Now in its eighth year, the Annual Audit Committee Issues Conference brings together audit committee members from around the country to discuss the challenges, practices, and priorities shaping audit committee and board agendas. The conference is hosted by KPMG's Audit Committee Institute (ACI), and cosponsored by the National Association of Corporate Directors (NACD) and Weil, Gotshal & Manges LLP. To learn more, visit auditcommitteeinstitute.com or contact KPMG's ACI at 1-877-KPMG-ACI (576-4224).

Is Governance Keeping Pace?

***"My biggest concern comes down to this: Is our business – and our board – keeping pace with all the changes taking place? Are we managing the risks and opportunities?"* Indeed – from risks posed by emerging technologies, cyber terrorism, and globalization, to leveraging social media and data to shape customer strategy and support real-time business decisions – the speed and complexity of the business environment has pushed "governance processes, controls, and risk management" to the forefront as a top concern for many audit committees in 2012.**

Top Concerns for Audit Committees in 2012

Aside from financial communications, disclosures, and related controls, what three issues will pose the greatest concern for your audit committee in 2012?

1. Governance Processes, Controls & Risk Management
2. IT Risk & Emerging Technologies
3. Uncertainty (Economic, Political, Social)
4. Information Privacy / Security and Cyber-security
5. Fostering Growth & Innovation
6. Board Composition / Skills / Expertise (e.g., IT)
7. Legal / Regulatory Compliance
8. Leadership / Culture / Tone at the Top
9. Tax Risk
10. Interactions with Auditors

At the same time, these challenges – along with expectations for greater transparency and insight into the company's performance and prospects going forward – are causing many audit committees to reassess whether they are keeping pace themselves: Does the committee (and board) have the resources, agenda time, expertise, and boardroom culture to effectively challenge and advise management? Is the audit committee at the top of its game?

As reflected in the dialogue and survey findings at KPMG's 8th Annual Audit Committee Issues Conference, concerns about keeping up with the changing business and risk landscape cut across a number of key oversight issues: Only 6 percent of conference attendees are satisfied that the company's governance processes and controls – including risk management – are keeping pace with technology change; uncertainty (economic, political, and social) is a top concern, as is fostering growth and innovation; and many attendees said their audit committee would be more effective with "additional expertise" (in IT, for example) and bringing "fresh thinking" onto the committee.

In the following pages, we highlight these and other key challenges and practices shaping audit committee agendas in 2012, as discussed by 140 audit committee members attending this year's "Issues Conference" in Miami, Florida, and San Francisco, California.

Is governance keeping pace with technology, globalization, and business change? Moving beyond 'the legacy approach' to managing risk.

Aside from financial communications, disclosures, and related controls, a majority of conference attendees cited the adequacy of "governance processes, controls, and risk management – particularly in light of emerging technologies, globalization, and changes to the business" – as posing the greatest concern for their audit committee in 2012.

This comes as little surprise, given the ongoing economic and political / regulatory uncertainty, the transformational impact of social media and emerging technologies, and the challenges of growth and innovation in a difficult economy and complex risk environment.

As one panelist noted, "With emerging technologies and globalization posing new challenges and risks almost daily, a 'legacy approach' to managing risk won't work." In this volatile and often opaque risk environment, a key challenge for the audit committee is to help mobilize the board (to keep the business on track), mobilize management (to rethink its strategy and risks, and stress test the business

model), and emphasize that making well-informed decisions may require a more sophisticated approach to manage an increasingly complex array of risks – the economy, technology, globalization, competition, regulatory risk, the speed of change, and more.

To this end, panelists highlighted a number of considerations for audit committees / boards, including:

- Insisting on ongoing, substantive involvement by the board in strategy and risk
- Understanding the company's significant operational risks – and whether "business controls" are keeping pace with technology and changes in the business
- Engaging in scenario planning, considering economic and political "what-ifs," and focusing on tail risks
- Assessing the company's crisis readiness
- Fostering the right risk culture – including seeking out dissenting views and ensuring that the compliance function has a prominent seat at the table
- Ensuring that internal audit is properly focused and resourced.

Devoting more time to judgments and estimates, and the quality of disclosures. Does the MD&A tell the company's story?

In light of ongoing economic volatility and uncertainty, audit committees are sharpening their focus on the related impact on financial reporting and disclosures. "We're probing much more deeply on [accounting] judgments and estimates," noted one panelist, including asking more-detailed questions to understand whether the company's accounting is aggressive, conservative, or down the middle. "Remember that judgments are made by people. What was the diligence behind their process? Does the estimate make sense – particularly in this volatile business environment?"

Other areas of continued focus include goodwill and asset impairments, pension assets and obligations, and valuations generally. "Establishing the value of *anything* right now is difficult."

Earnings quality also remains front and center, particularly in light of cost-reductions and ongoing pressures to grow the business in a low-growth economy. "In the current environment, you have to be particularly vigilant on

New and Emerging IT Risks

Which two areas of IT risk and emerging technologies give you the most angst? (select two)

Information data privacy and security

58%

Failure to capitalize on opportunities presented by emerging technology

36%

Social media (impact on reputation, customer strategy...)

28%

Cyber terrorism

26%

Disruption of IT systems by natural disaster

20%

Blurring of lines between enterprise technology and personal technology

18%

Compliance risk posed by consumer privacy laws (federal and state)

12%

Impact of Technology on Customer Strategy

How satisfied are you with your discussions with management about the impact of social media and emerging technologies on your company's customer strategy?

Satisfied

18%

Somewhat satisfied

38%

Not satisfied

44%

Governance and Controls Keeping Pace with Technology

How satisfied are you that your governance processes and controls – including risk management – are keeping pace with changing technology?

Satisfied

6%

Somewhat satisfied

51%

Not satisfied

43%

Social Media Governance Policies

Does your company have in place policies and guidelines to govern the use of social media by employees?

Yes

50%

No

23%

Not sure

27%

this," said one audit committee chair, noting that his audit committee regularly discusses earnings quality with the external auditor in executive session.

Audit committee chairs also said they are spending more time considering the "completeness and depth" of the MD&A. Does it tell the company's story?

Noted one participant from the investor community: "Boilerplate information is not very helpful. We're looking for more insight into where the company is headed and the risks it faces going forward." More than 80 percent of conference attendees said their company's disclosures – including the MD&A – are "overly complex and voluminous, and could be improved to better tell the company's story."

Recent guidance and comments from SEC staff highlight other financial reporting and disclosure issues that should be on the audit committee's radar, including:

- European debt exposure
- Foreign operations (e.g., liquidity, foreign currency, tax issues)
- Use of non-GAAP information
- Loss contingency disclosures
- Cyber security disclosures.

Audit committees were also reminded to continue to monitor regulatory progress on IFRS (the SEC expects to consider staff recommendations in 2012); various ongoing FASB convergence projects (particularly on lease accounting, financial instruments, revenue recognition, and insurance contracts) and the implications of these and other accounting changes on the company's accounting processes and IT systems; SEC Dodd-Frank rulemaking on conflict minerals and compensation clawbacks (final rules are anticipated by mid-2012); and ongoing PCAOB[1] initiatives to enhance auditor independence and transparency. "These PCAOB projects could have a major impact on auditing and the audit committee's role – and every audit committee ought to be weighing-in with their views – in writing."[2]

Social media and emerging technologies are driving revolutions in information and customer engagement.

"It's important to recognize that this is an information revolution more than a technology revolution," noted one panelist, adding that, "The best technology discussions are business discussions. What do social media and emerging technologies – and the information they're generating – mean for our customer strategy and how we do business?"

[1] Public Company Accounting Oversight Board
[2] The PCAOB has encouraged audit committee members to share their comments (in writing) on these and related proposals, which are available at www.pcaobus.org.

Indeed, emerging technologies and social media are enabling companies to capture and analyze huge volumes of data – to "slice and dice" the information and extract value for real-time (even predictive) insight, and to build brand loyalty. These technologies are also reshaping customer strategy, changing the way employees work and collaborate, and improving supply chain efficiency. "When a technology changes behavior [of employees, customers, suppliers], you need to pay attention to it."

Only 18 percent of conference attendees said they are satisfied with their discussions with management about the impact of social media and emerging technologies on the company's strategy. And many said they are only "somewhat satisfied" (51 percent) or "not satisfied" (43 percent) that the company's governance process and controls – including risk management – are keeping pace with technology change.

To help ensure the company is keeping pace with emerging technologies – from both a strategic and a defensive risk perspective – one audit committee chair said their CIO attends every audit committee meeting, "and we expect the CIO to be in touch with what's happening in Silicon Valley. With technology changing so fast, the risk of not doing something – like adopting a particular technology – can be as devastating as active risk-taking."

Understanding major risks posed by social media and rapid technology changes – the "defensive lens."

From a "defensive" perspective, social media and rapid technology change brings with it a host of critical risks – each, as noted by conference participants, with significant implications for the business:

- Information privacy and security – "This is not just about compliance; it also goes to the heart of customer trust and loyalty."
- Cyber security – "The volume and ferocity of efforts around the world to break into IT systems is astonishing."
- Protection of IP and "all things digital" – "Safeguarding IP requires a corporate culture that recognizes the sanctity of IP and all digital assets of the company."
- Reputation risk, particularly with the viral speed of social media – "You can't afford to ignore what's being said on Facebook or Twitter. Every company should have a full-time function monitoring social media to hear what customers and others are saying about the company and its products – positive or negative."

Indeed, cyber crime has quickly evolved to become an "advanced, persistent threat" – from cyber criminals, nation-states, and hacktivists. And as value continues to migrate online,[3] the protection of data assets and IP is a growing challenge: "If your CIO isn't having sleepless nights about cyber threats, then you probably don't have the right CIO." Only 36 percent of conference attendees characterized their company's data as "well-protected" – though even with "state-of-the art security, the company still may be vulnerable to hacking."

Given the host of risks posed by emerging technologies, it is critical that companies reassess the adequacy of their governance policies and controls – particularly around the use of social media, data security, and access to IP and "all things digital." "Digital risk needs to be embedded into the company's risk and governance processes," noted one participant.

Staying vigilant (or intensifying the focus) on compliance risk: Whistleblower, FCPA, and corporate culture are front and center.

Compliance continues to be high on audit committee agendas, particularly in light of stepped-up enforcement of FCPA, the UK Bribery Act, and other anti-bribery initiatives around the world, and with the SEC's whistleblower bounty program now in place.

Cyber Attack Incidents

To the audit committee's knowledge, has your company suffered a cyber attack?

Yes, a disruptive one that the company publicly disclosed

0%

Yes, but dealt with without significant disruption or cost

21%

Yes, but inconsequential

27%

Not to our knowledge

52%

Vulnerability to Cyber Attack

From an audit committee perspective, what best characterizes the company's vulnerability to cyber attack?

Company data is well-protected – "state of the art" – but still may be vulnerable to hacking

36%

Protection may not be "state of the art" – and vulnerability is a concern

40%

Protection is clearly not "state of the art" – and cyber security is a serious concern

8%

Not sure

16%

[3] McKinsey on Business Technology, Number 23, Summer 2011

Volume and Complexity of Disclosures

Do you believe that your company's disclosures – including the MD&A – are overly complex and voluminous, and could be improved to better "tell the company's story"?

Yes

83%

No

17%

Expanded Audit Committee Report

In your view, would an expanded audit committee report – describing in more detail what the committee does – be beneficial to investors and other users of the company's financial reporting information?

Yes

33%

No

67%

Board's Interaction with Management

How has your board's interaction with management changed over the past several years?

Much more robust and collaborative

54%

Somewhat more robust

39%

No significant change

3%

No change needed – has always been robust

4%

"Compliance training and awareness – particularly on whistleblower – is not a one-time exercise, it has to be an ongoing effort," noted one panelist. "Don't underestimate the impact of employee turnover."

Visibility and ease-of-use are also keys to an effective whistleblower process. "It needs to be very easy for employees to use – and social media is a natural fit." Also, "it's important to communicate that your whistleblower system is in place and that it's working. Escalation of complaints outside of the company happens when employees feel like they're being ignored – so keep the program visible, even when the news is negative."

Noting that rogue behavior is "by definition, hard to prevent," panelists emphasized the importance of understanding the corporate culture: "What are the values of the organization? Are performance incentives driving the right behaviors? What's the tone in the middle?" Noting that "in many cases of major fraud, someone, somewhere knew it was happening," panelists emphasized the importance of promoting a culture that "surfaces what's happening – that rewards people for coming forward or raising a red flag."

Does the audit committee / board have the skills, expertise, and boardroom culture to test management's thinking (and their own)?

Keeping pace with the increasing complexity of the business, risk, and regulatory environments will require boards to be at the top of their game. The audit committee's efficiency and effectiveness is particularly critical – and challenging – given the evolving nature of its oversight role and the ongoing pressures on financial reporting systems and the control environment.

"With all the regulatory requirements today, it's hard to find time for good, robust discussions about substantive issues like strategy and risk," noted one panelist. "But you need to make the time. Being an effective audit committee and board is not just about defense – it's about advising and guiding management."

A majority of conference attendees said their interaction with management has become "much more robust and collaborative" over the past few years; yet, only 50 percent said they are satisfied that their board's involvement in corporate strategy is both "ongoing and substantive."

The board's involvement in strategy should be pivotal, noted another panelist: "Strategy is about choices. The board should be involved early on, well before a strategy is fully baked. The board should be testing management's thinking and drawing analogies based on their own experience. Is it the right strategy? Do we have the talent to execute on that strategy? If the strategy turns out to be wrong, what is Plan B?"

Robust discussions about strategy and risk depend not only on having sufficient time, but also on having the right culture in the boardroom – i.e., one that welcomes give-and-take, and even contrarian views. On challenging the thinking in the boardroom and avoiding "groupthink," one audit committee chair suggested that, "responsibility is a much more important word than collegiality. Directors need to remember that they work for the company's shareholders – and they need to know how to argue with each other" in the interest of those shareholders.

Asked what would most improve their audit committee's effectiveness, nearly 70 percent of conference attendees said "additional expertise" – e.g., IT, risk, M&A, or industry knowledge. "Bringing fresh thinking onto the committee" and a "greater willingness and ability to challenge management" were also high on the list.

Fresh thinking is important, "but it's a matter of balance," noted one panelist. "Don't discount the value of institutional knowledge." And if the audit committee or board feels under-resourced, "seek out the additional expertise, but recognize that [such expertise] needs to complement the boardroom dialogue, not narrow it."

Audit committee members shared a number of suggestions for enhancing the audit committee's "operating efficiency" and overall effectiveness, including:

- Removing certain responsibilities from the audit committee's plate, if needed: "We simply could not do it all."
- "We asked for better executive summaries of meeting materials – and if we need to dig deeper, we do."
- "Our audit committee chair delegates much of the work to the other individual members of the committee – including visits to business locations."
- "Having a non-financial person on the audit committee is very beneficial – she asks great questions that others typically wouldn't think of asking."
- "Interaction between formal meetings is critical – particularly spending informal time with the external auditor and key members of management."

Board's Involvement in Strategy

How satisfied are you that your board's involvement in corporate strategy is both "ongoing and substantive"?

Satisfied

50%

Somewhat satisfied

33%

Not satisfied

17%

Audit Committee Composition

In terms of composition, what would most improve your audit committee's effectiveness? (select two)

Additional expertise (e.g., IT, risk, M&A, industry knowledge)

68%

Bringing "fresh thinkers" onto the committee

58%

Greater willingness and ability to challenge management

42%

More-engaged directors

28%

Better chemistry

4%

Addressing Social Challenges

In your opinion, do corporations have a major role to play in helping to solve important social issues and challenges – e.g., sustainability, conflict minerals, environment, energy, unemployment, etc.?

Yes

63%

No

37%

Conference Sponsors

KPMG's Audit Committee Institute

Established in 1999, KPMG's Audit Committee Institute (ACI) provides information, resources, and knowledge-sharing opportunities – both online and through a variety of forums – to help audit committee members, directors, and senior management enhance the effectiveness, integrity, and oversight of the financial reporting process. ACI forums include the Audit Committee Roundtable Series, the Annual Issues Conference, and Quarterly Audit Committee Webcasts.

www.auditcommitteeinstitute.com

National Association of Corporate Directors

The National Association of Corporate Directors (NACD) is the only membership organization delivering the information and insights that corporate board members need to confidently navigate complex business challenges and enhance shareowner value. With more than 10,000 members, NACD advances exemplary board leadership – for directors, by directors. NACD is focused on creating more effective and efficient boards through director-led education and peer forums to share ideas and leading practices based on more than 30 years of primary research. Fostering collaboration among directors and governance stakeholders, NACD is shaping the future of board leadership.

www.NACDonline.org

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www.weil.com

2012 Conference Speakers and Panelists

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Catherine A. Allen
Director
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ATTACHMENT B

GASB 45 ASSESSMENT

Community College of Philadelphia
30-Year Cost Projection as of July 1, 2011

	Annual Other Post Employment Benefit Cost	Cumulative Other Post Employment Benefit Liability
2011	6,038,635	22,614,326
2012	7,611,002	30,225,328
2013	7,346,416	37,571,744
2014	7,079,318	44,651,062
2015	6,825,361	51,476,423
2016	6,473,637	57,950,060
2017	6,134,319	64,084,379
2018	5,790,432	69,874,811
2019	5,310,244	75,185,055
2020	4,937,433	80,122,488
2021	4,508,016	84,630,504
2022	4,081,188	88,711,692
2023	3,689,765	92,401,457
2024	3,303,472	95,704,929
2025	2,945,622	98,650,551
2026	2,649,664	101,300,215
2027	2,319,867	103,620,082
2028	1,994,663	105,614,745
2029	1,735,734	107,350,479
2030	1,485,973	108,836,452
2031	1,303,641	110,140,093
2032	1,140,620	111,280,713
2033	1,034,364	112,315,077
2034	971,181	113,286,258
2035	936,789	114,223,047
2036	936,689	115,159,736
2037	971,061	116,130,797
2038	-3,490,237	112,640,560
2039	-3,968,787	108,671,773
2040	-3,840,166	104,831,607

ATTACHMENT C

INTERNAL AUDIT PLAN
2012-2013

Draft for Discussion Purposes Only

Community College of Philadelphia
Audit Plan - July 1, 2012 to June 30, 2013 with Risk Explanations

Functional Areas	Risk Rating	Risk Explanation	# of days allocated	% of Total
Carry Over Audits				
Bursar Billing Procedures	M	New billing procedures using payment groups	22	
Purchasing	M	Spot check over bidding procedures and document retention, new management over area.	13	
Study Abroad	M	Increased number of trips, prior audit noted a lack of comprehensive procedures.	15	
		Sub Total	50	23%
Financial Audits				
Procurement Cards	M	Untimely submission of supporting documentation, lack of appropriate documentation, risk of personal purchases.	5	
		Sub Total	5	2%
Operational Audits				
Site Visits, neighborhood ESL and GED sites	M	Routine spot check.	5	
Colonial One Card	M	New cashless program being rolled out for Fall 2012	18	
Financial Aid documents from IRS website	M	New Requirements for FAFSA.	10	
PELL Grant – Academic Progress Appeals Process	M	New process as a result of new Pell requirements	10	
Center on Disability	M	Director position vacant, compliance requirements	15	
Veteran's Benefits	L	Never reviewed, compliance requirements.	10	
Excused Withdrawals	L	Decentralized process.	10	
		Sub Total	78	35%
Construction Projects				
Main Campus Expansion and BMW renovation	M	Significant expense, multiple contractors involved.	30	
		Sub Total	30	14%
Compliance				
Grants: Trade Adjustment Act	H	Significant grant with 14 colleges, CCP is fiscal agent, staff is new to college.	40	
		Sub Total	40	18%

Community College of Philadelphia
Audit Plan - July 1, 2011 to June 30, 2012 with Risk Explanations

Information Technology				
Server Security	M	Never audited, new server locations in new building.	5	
		Sub Total	5	2%
Continuous Risk Assessment	n/a	Time used to research new areas of concern.	5	
Professional Development	n/a		7	
		Sub Total	12	6%
Total Days			220	100%

Risk Assessment Criteria:

Volume of Transactions
Regulatory Impact
Duration/Quality of Management
Reputational Impact
Last Time Audited

Audit plan is prepared so that there is audit coverage throughout the college in any given year. Also input from VP's is evaluated and utilized in preparation of audit plan.