



MEETING OF THE BOARD OF TRUSTEES
Wednesday, July 17, 2013 – 10:00 a.m.
Isadore A. Shrager Boardroom – M2-01

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Community College of Philadelphia

The Path to Possibilities™

MEETING OF THE BOARD OF TRUSTEES

AGENDA

Wednesday, July 17, 2013 – 10:00 a.m.

Isadore A. Shrager Boardroom, M2-1

- (1) Executive Session
- (2) Consent Agenda
 - (a) Proceedings and Minutes of Decisions and Resolutions
Meeting of June 6, 2013
 - (b) Gifts and Grants
 - (c) 2013-14 Property and Casualty Insurance Renewal Program
 - (d) Garage RFP
- (3) Approval of Interim College President (A)
- (4) Report of the Chair
- (5) Foundation Report
- (6) New Business
- (7) Next Meeting: Thursday, August 8, 2013 – 3:00 p.m.
Isadore A. Shrager Boardroom, M2-1
- (8) Executive Session

Future Committee Meetings:

Business Affairs: Wednesday, September 25, 2013
9:00 a.m. – Isadore A. Shrager Boardroom, M2-1

Upcoming Events

Foundation Annual Golf Tournament Monday, July 29, 2013 – 11:30 a.m.
Commonwealth National Golf Club
250 Babylon Road, Horsham, PA

PA Commission for Community September 26-27, 2013
All Trustee Assembly Hilton, Harrisburg

44th Annual ACCT Leadership Congress October 2-5, 2013
Seattle, WA

COMMUNITY COLLEGE OF PHILADELPHIA
Proceedings of the Meeting of the Board of Trustees
Thursday, June 6, 2013 – 3:00 p.m.

Present: Mr. Bergheiser, presiding; Ms. Biemiller, Mr. Edwards, Ms. Hernández Vélez, Ms. Horstmann, Mr. Johnson, Dr. Rényi, Representative Roebuck, Ms. Sparandara, Ms. Tsai, Ms. Vieira, 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) Executive Session

Mr. Bergheiser asked for a motion to accept the personnel action related to the president as discussed in Executive Session.

Dr. Rényi moved, with Ms. Hernández Vélez seconding, that the Board accept the personnel action. The motion carried unanimously.

(2) Consent Agenda

Mr. Bergheiser asked for approval of the following Consent Agenda:

- (a) Proceedings and Minutes of Decisions and Resolutions
Meeting of May 2, 2013
- (b) Gifts and Grants
- (c) Proposed 2013-14 Student Activities, Athletics, and Commencement Budget
- (d) Academic Program Audit: Architecture and Interior Design Program
- (e) Academic Program Audit: Behavioral Health Human Services, AAS and Associated Certificates
- (f) Adoption of the Sandy Hook Principles

Ms. Holland moved, with Mr. Edwards seconding, that the Board approve the Consent Agenda. The motion carried unanimously.

Mr. Bergheiser stated that there was an additional item for approval by the Board which was not part of the Consent Agenda. He asked for a motion to accept the report of the May 20, 2013 Student Outcomes Committee including the recommendations contained within. The motion was moved by Ms. Vieira, and seconded by Ms. Hernández Vélez. The motion carried unanimously.

(3) Report of the Business Affairs Committee of the Board Meeting of May 22, 2013

(3a) 2013-14 College Budget

Mr. White, chair of the Business Affairs Committee, reported that the Committee conducted a thorough review of the proposed 2013-14 budget at its meeting on May 22. He stated that the Committee reviewed the assumptions, revenues, expenditures, and new initiatives. Mr. White stated that the Committee had approved the proposed budget for 2013-14.

At the request of Mr. White, Dr. Hawk reviewed the format of the budget, key planning assumptions, the institutional objectives which guided the allocation of resources, expenditures and revenue highlights, including an overview of major restricted gifts and grants which support strategic priorities of the College.

After discussion, Mr. White moved, with Mr. Edwards seconding, that the Board accept the 2013-14 budget as presented. The motion carried unanimously.

(4) Nominations for Board Officers for 2013-14

Ms. Hernández Vélez, chair of the Nominating Committee for Board Officers, reported that she had received the following nominations for Board Officers for 2013-14:

Chair	Mr. Matthew Bergheiser
Vice Chair	Ms. Suzanne R. Biemiller
Vice Chair	Representative James R. Roebuck, Jr.
Secretary	Ms. Bia Vieira

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

(5) Foundation Report

Ms. Ray reported that the Foundation's annual appeal, the Pride Fund, has raised more than \$32,000 in unrestricted funds. The Pride Fund supports a wide variety of projects and programs that are critical to the student learning experience at the College.

Ms. Ray reported that the Foundation will hold a reception for the members of its Mint Society (donors who have given \$1,000 or more) on Thursday, June 20, 2013 at 6:00 p.m. at the Waterworks Restaurant.

Ms. Ray reported that the Foundation's 16th Annual Golf Classic will be held on Monday, July 29, 2013 at Commonwealth National Golf Club in Horsham. She stated that last year, the tournament raised \$100,000.

Ms. Ray reported that plans for the Foundation's 6th Annual Pathways Awards Celebration are underway. The planning committee, which will be chaired by Foundation Director Lorina Marshall-Blake, will meet in April to nominate honorees. The event will be held on November 7, 2013.

(6) Report of the President

(6a) Legislative Update

Dr. Curtis reported that he had been active in a series of advocacy efforts for city and state support this spring. He stated that a legislative breakfast was held in Harrisburg on May 7, 2013 for the Philadelphia delegation. Dr. Curtis stated that the breakfast was well attended and that Representative Roebuck had attended the breakfast.

Dr. Curtis reported that he had attended the Chamber of Commerce legislative reception in Harrisburg on May 6, 2013.

(6b) On-Campus Events

Dr. Curtis reported that the College has a Homeless Student Support project on campus. He stated that the luncheon for the project took place on May 3, 2013. Dr. Curtis stated that the project provides homeless and near homeless students enrolled at the College with financial and academic support. He stated that the event went well and that the stories from the students were powerful.

(7) New Business

There was no new business discussed.

(8) Next Meeting

The next meeting of the Board of Trustees is scheduled for Wednesday, July 17, 2013 at 10:00 a.m. in the Isadore A. Shrager Boardroom.

The meeting adjourned at 4:15 p.m.

COMMUNITY COLLEGE OF PHILADELPHIA
Meeting of the Board of Trustees
Thursday, June 6, 2013 – 3:00 p.m.
MINUTES OF DECISIONS AND RESOLUTIONS

Present: Mr. Bergheiser, presiding; Ms. Biemiller, Mr. Edwards, Ms. Hernández Vélez, Ms. Horstmann, Mr. Johnson, Dr. Rényi, Representative Roebuck, Ms. Sparandara, Ms. Tsai, Ms. Vieira, 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) Executive Session

The Executive Session was devoted to a discussion of personnel action related to the president.

The Board accepted the personnel action related to the president as discussed in Executive Session.

(2) Consent Agenda

The Board approved the following Consent Agenda:

- (a) Proceedings and Minutes of Decisions and Resolutions
Meeting of May 2, 2013
- (b) Gifts and Grants
- (c) Proposed 2013-14 Student Activities, Athletics, and Commencement Budget
- (d) Academic Program Audit: Architecture and Interior Design Program
- (e) Academic Program Audit: Behavioral Health Human Services, AAS and Associated Certificates
- (f) Adoption of the Sandy Hook Principles

The Board accepted the report of the May 20, 2013 Student Outcomes Committee including the recommendations contained within.

(3) Report of the Business Affairs Committee of the Board
Meeting of May 22, 2013

(3a) 2013-14 College Budget

The Board accepted the 2013-14 College budget.

(4) Nominations for Board Officers for 2013-14

The Nominating Committee for Board Officers received the following nominations for Board Officers for 2013-14:

Chair	Mr. Matthew Bergheiser
Vice Chair	Ms. Suzanne R. Biemiller
Vice Chair	Representative James R. Roebuck, Jr.
Secretary	Ms. Bia Vieira

The election will be held in September.

(5) Foundation Report

The Foundation's annual appeal, the Pride Fund, has raised more than \$32,000 in unrestricted funds.

The Foundation will hold a reception for the members of its Mint Society (donors who have given \$1,000 or more) on Thursday, June 20, 2013 at 6:00 p.m. at the Waterworks Restaurant.

The Foundation's 16th Annual Golf Classic will be held on Monday, July 29, 2013 at Commonwealth National Golf Club in Horsham.

The Foundation's 6th Annual Pathways Awards Celebration will be held on November 7, 2013.

(6) Report of the President

(6a) Legislative Update

Dr. Curtis reported on a series of advocacy efforts for city and state support in which he had participated during the spring.

(6b) On-Campus Events

Dr. Curtis attended the College's Homeless Student Support project luncheon on May 3, 2013.

(7) New Business

There was no new business discussed.

(8) Next Meeting

The next meeting of the Board of Trustees is scheduled for Wednesday, July 17, 2013 at 10:00 a.m. in the Isadore A. Shrager Boardroom.

The meeting adjourned at 4:15 p.m.

COMMUNITY COLLEGE OF PHILADELPHIA
Office of Institutional Advancement
Monthly Summary of Grants and Gifts
for the July 2013
Meeting of the Board of Trustees

Foundation Grants

The City of Philadelphia has issued a contract to the College for \$13,225 using funds from the Bloomberg Philanthropies to support the Financial Empowerment Center grant program. The College is a training partner in this initiative designed to increase financial literacy among Philadelphia's low-income residents. As a training partner, the College is delivering financial training for the project's financial empowerment counselors.

The Dolfinger-McMahon Foundation has funded the two-year Homeless Student Support Project grant for \$5,000. This two-year project will connect homeless, near-homeless and low-income students to college and community resources that will support the students in continuing their education. Each year will begin with an on-campus resource fair, open to all students that will bring together resource providers from throughout the Philadelphia region. Following the resource fair, students will be selected to participate in a series of eight educational workshops and seminars and receive additional assistance throughout the academic year to support them in achieving their academic goals.

**PHONE MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Wednesday, June 19, 2013 – 9:00 A.M.**

Teleconference: Mr. Jeremiah White, Jr., presiding, Mr. Matthew Bergheiser, Ms. Suzanne Biemiller, Stella Tsai, Esq., Ms. Hernandez Velez, Dr. Stephen M. Curtis, Dr. Thomas R. Hawk, and Mr. James P. Spiewak

AGENDA PUBLIC SESSION

(1) 2013-14 Property and Casualty Insurance Renewal Program (Action Item):

Discussion: Dr. Hawk explained that the College insurance program is reviewed annually prior to the July 1 insurance renewal date. Because of a general upward trend in insurance costs, during the annual renewal strategy meeting it was agreed that the best approach would be for the College Broker, Willis, to market all of the College's insurance programs with the exception of property coverage. Property insurance was marketed in 2012-13 and placed with Affiliated FM. The goal in getting multiple premium quotes was to try to stabilize premiums while maintaining comprehensive coverage. Willis marketed the insurance program to twenty different carriers for the College's various lines of coverage. Mr. Spiewak provided an overview of insurance coverages and the results of marketing the College's insurance program. The results were favorable. Overall premiums will increase by only 2 percent for the 2013-14 year. A summary of the marketing process by insurance type is provided below. Attachment A provides a summary of coverage limits and deductible amounts.

General Liability

The College's general liability (GL) coverage has been with United Educators (UE) for twelve years. Willis has opined that UE has the best GL policy form available in the higher education market offering the most comprehensive coverage. In addition to UE, Willis also approached Travelers, AIG, Hartford, Hanover and WRM. United Educators offered a renewal premium of \$153,279 which is \$13,042 higher than the expiring rate (9.3%) with no change to the deductibles (\$25,000 each occurrence; \$100,000 annual maximum). The College was again granted a 4% premium rate credit based upon certain risk management initiatives that were undertaken during the year. Furthermore, the College is entitled to a \$15,143 dividend from United Educators if at least one coverage line (GL or Umbrella) is renewed. This, in effect, makes the net cost to the College for fiscal year 2013-14 equal to \$138,136. United Educators is organized as a reciprocal risk retention group – owned by higher education members like CCP. This will be the third consecutive year that the College will receive a dividend. The 3-year aggregate dividend to the College totals \$53,805. Alternate leading education insurance carriers, WRM, Hartford and Travelers declined to quote due to their inability to offer competitive pricing. Hanover did not respond to the marketing effort. AIG provided an indication of a premium amount in the range of \$150,000 to \$160,000 with a \$50,000 deductible per occurrence.

Umbrella

The College's umbrella liability coverage (\$25 million for any one loss) has also been with United Educators for twelve years. This policy provides excess general liability, automobile liability, employers' liability, foreign liability insurance, and student medical malpractice insurance coverage. UE's policy form offers the most comprehensive coverage in the higher education market for umbrella/excess coverage according to Willis. In addition to UE, Willis approached the same carriers as it did for the general liability coverage. United Educators offered a renewal rate of \$82,076 that is the same as the expiring premium. As with the general liability policy, the College was granted a 4 percent premium reduction based upon risk management initiatives that were undertaken by the College during the year. WRM, Travelers and Hartford declined to quote due to their inability to offer competitive pricing. Hanover did not respond to the marketing effort. AIG provided an indication of a premium amount in the range of \$100,000 to \$110,000.

Workers' Compensation

The College's workers' compensation coverage has been with Lackawanna for the past two years. They offered a renewal premium of \$353,666, an increase of 8.66% or \$27,946 over the expiring premium. The primary reason Lackawanna provided for this increase was the existence of three ongoing claims that originated in the 2011-12 policy year. Excluding these three claims, the College continues to have a relatively low claims experience and the College's experience modification factor decreased from .924 to .886. Highmark provided the most competitive pricing for coverage at a premium of \$333,135 which is \$7,415 above expiring or 2.3%. Locally, Lafayette College utilizes Highmark as their carrier for workers' compensation. The Human Resource Office, after having discussions with representatives of Highmark and with employees from Lafayette College, is comfortable moving this coverage to Highmark. While Highmark is located in Pittsburgh and does not have any other local education institutions as clients, it is the carrier for seven higher education institutions in Pennsylvania, including Westmoreland County Community College. Hartford and Travelers declined to quote on this coverage. The other carriers provided pricing indications (MEMIC - \$450,000, Amerihealth - \$500,000, UMPC - \$437,000) that were much higher than Highmark. The Human Resources Office and the College's Safety Committee continue to review all work-related claims and offer recommendations and training efforts where needed. The College's Safety Committee again received re-certification from the PA Department of Labor; this automatically makes the College eligible for a 5 percent reduction in premium.

Property

Since the College had recently moved its property coverage to Affiliated FM as of the 2012-13 year, it was decided that this coverage would not be marketed if stable premiums were offered. Affiliated quoted a rate of \$168,621 or \$5,502 (3.4%) above expiring. This policy also provides \$7 million of business interruption insurance.

Educator Legal Liability (ELL)

The ELL policy provides management liability protection (\$15 million limit with a \$75,000 retention) for the College's Board of Trustees and the Foundation's Board of Trustees, employment practices liability, employed lawyers liability and professional liability for faculty and staff. Chartis, the incumbent carrier, provided a quote of \$81,079 that is 2.8% or \$2,227 higher than expiring. Willis also approached Chubb, Hiscox and CV Starr. Chubb declined to quote, Hiscox would only offer \$5 million of coverage, and CV Starr would only offer \$10 million of coverage at a rate of \$71,397.

Mr. White asked what was covered under the crisis management insurance included with the Educators Legal Liability insurance. Mr. Spiewak explained that this insurance coverage has no deductible and a maximum payment amount of \$50,000. It covers the communication issues that arise from major events such as workplace violence, regulatory crises, or major financial disruptions.

Automobile

The automobile policy covers employees driving College owned, rented or hired vehicles as well as providing collision and comprehensive coverages for the College's Facilities' trucks, one sedan and the mailroom van. The incumbent carrier, Philadelphia Insurance Co., offered a renewal rate of \$17,301 which is the same as the expiring rate. Hartford, Hanover and Travelers were also approached by Willis but these carriers would only provide automobile policies if they had another, more substantial line of business included, such as general liability or workers' compensation. WRM quoted but their premium was significantly higher than Philadelphia Insurance Co.

Student Medical Malpractice

This policy provides \$1 million in coverage to the College and to students and faculty related to their activities in a clinical setting. CNA, the current carrier, offered a quote of \$8,267 that is \$486 lower than the expiring premium. The College again received rate reductions for being a long-term client (3+ years) and for having no claims during the most recent three-year period. The number of students participating in clinical settings affects the cost of this insurance. UE provided a quote of \$11,269.

Crime

This policy provides the College with protection against first party (employee) theft and third party theft and fraud for a limit of \$4 million. Chartis, the incumbent carrier, offered a renewal rate of \$15,166 that is slightly above (\$465) the expiring rate. Travelers, one of the leading fidelity insurance carriers, offered a much more competitive rate of \$4,696. They offered this rate based upon their opinion that the College maintains strong internal controls to prevent employee theft.

International Liability

This policy provides foreign-based general liability, automobile liability, and workers compensation coverage as well as travel, medical and security assistance services for faculty and staff traveling abroad. This policy was last marketed for the 2012-13 fiscal year and a three-year policy was purchased from AIG. This policy also includes kidnap and extortion coverage. The annual cost for this coverage is \$2,851.

Security and Privacy (Cyber Insurance)

The College first secured this line of coverage for the 2011-12 fiscal year. This insurance offers protection to the College if there are data security breaches or compromises of student and/or employee "private" information (as determined by federal and state jurisdiction). The carrier will provide forensic and legal assistance from a panel of experts to help determine the extent of the breach and assist the College to undertake the steps required to comply with applicable laws, including the following: notification to persons who must be notified under applicable law; offer 12 months of 3-bureau credit monitoring to affected individuals; identify theft-related fraud resolution services for individuals enrolled in credit monitoring who become victims of identity theft; and extend coverage for theft, loss or unauthorized disclosure of information held by business associates as defined by HIPPA. College benefits include protection for data recovery and business interruption, extortion threats and regulatory defense and penalties. The policy also protects the College against third party legal action for damages arising from the alleged breach (including defense costs). The market for this type of coverage continues to expand and this year Willis approached CNA, AIG and ACE in addition to Beazley, the incumbent. The renewal quote received from Beazley, is \$19,956 the same as expiring. The other carriers all submitted quotes with AIG being the lowest at \$17,325, which represents a \$2,631 (13.2%) reduction from the expiring rate. In addition, AIG's policy, unlike Beazley's, does not contain an exclusion related to portable devices and data that is not encrypted.

Broker Fee

The annual fee for 2013-14 is \$50,000, the same as last year, in accordance with the three-year agreement with Willis entered into in 2012-13.

The following chart summarizes the recommended 2013-14 insurance program:

Coverage	Recommended 2013-14 Carrier	Renewal (2013-14) Premium	Expiring (2012-13) Premium
General Liability (\$1M)	United Educators	\$153,279	\$140,237
Umbrella (\$25M)	United Educators	82,076	82,076
Workers' Compensation	Highmark	333,135	325,720
Property	Affiliated FM	168,621	163,119
Educators Legal Liability (\$15M)	Chartis	81,079	78,852
Automobile	Philadelphia Insurance Co.	17,301	17,302
Student Medical Professional Liability (\$1M)	CNA	8,267	8,753
Clinic Medical Liability (\$1M)	CNA	2,500	N/A
Crime (\$4M)	Travelers	4,696	15,166
International Liability (\$1M)	AIG	2,851	2,851
Security & Privacy (\$1M)	AIG	17,325	19,956
TOTAL INSURANCE PREMIUMS		\$871,130	\$854,032
Broker Fee	Willis	\$ 50,000	\$ 50,000

Action: Ms. Lydia Hernandez Velez moved and Ms. Suzanne Biemiller seconded the motion that the Committee recommend to the full Board that the above 2013-14 insurance program with a total cost, including broker fee, of \$921,130 be approved. The motion passed unanimously.

(2) Garage RFP (Action Item):

Discussion: Dr. Hawk explained that staff had completed an RFP process for the management of the College's main parking garage. Based upon major changes in operating procedures and the retirement of the long-term manager of the garage, College staff decided it was in the College's best interest to undertake an RFP process to identify the best approach for the future management of the garage. Major goals for the change in garage managers are to enhance revenues, have an operator take more ownership of garage maintenance, and offer improved customer service. Mr. Spiewak summarized the process and findings which led to the recommendation to enter into the contract with LAZ for the management of the 17th Street parking garage. Attachment B contains an overview of the RFP process and a summary of the RFP findings.

Mr. White asked about ownership of LAZ. Mr. Spiewak responded that it is a national parking management firm based in Boston. It has a regional office and a strong presence in Philadelphia with 56 managed garages for clients such as Thomas Jefferson University, Main Line Health, and the University Science Center.

Action: Mr. Matthew Bergheiser moved and Ms. Lydia Hernandez Velez seconded the motion that the College enter into a three year management contract with LAZ Parking for an annual management fee of \$18,000 effective August 26, 2013 with two annual option years following the initial three year contract. The motion passed unanimously.

(3) Next Meeting Date

The next regularly scheduled meeting of the Committee will occur on Wednesday, September 25, 2013 at 9:00 A.M. in the College's Isadore A. Shrager Boardroom, M2-1.

TRH/lm
Attachments
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ATTACHMENT A

SUMMARY 2013-14 PROPERTY AND CASUALTY INSURANCE PROGRAM COVERAGE LIMITS AND DEDUCTIBLE AMOUNTS

Property Coverage Comparison

Property and Boiler & Machinery	Affiliated FM Expiring 2012 to 2013	Affiliated FM Renewal 2013 to 2014
Limits		
Blanket Limit (Property Damage – Real & Personal Property)	\$357,714,986	\$356,197,286
Sub-Limits		
Blanket Business Interruption	\$7,000,000	\$7,000,000
Extra Expense – The company will pay the greater of the sub- limit or 15% of the reported annual Business Interruption values	\$5,000,000	\$5,000,000
Earth Movement (Annual Aggregate, for all coverages provided)	\$100,000,000	\$100,000,000
Flood (Annual Aggregate, for all coverages provided)	\$50,000,000	\$100,000,000
Machinery Breakdown	Included	Included
430 – 440 N. 15 th Street Building	\$4,500,000 Building Vacancy Clause Applies	\$4,500,000 Building Vacancy Clause Applies
Extensions of Coverage Sub-Limits		
Fire Fighting Materials and Expenses	\$100,000	\$100,000
Professional Fees	\$100,000	\$100,000
Expediting Expenses	\$250,000	\$250,000
Trees, Shrubs, Plants and Lawn limit	\$100,000	\$100,000
Pavements and Roadways	\$250,000	\$1,000,000
Land and Water Clean Up Expense (Annual Aggregate, for all coverages provided)	\$50,000	\$50,000
Installation Floater	\$250,000	\$250,000
Newly Acquired Property	\$2,500,000	\$2,500,000
Unnamed Locations Coverage	\$2,500,000	\$2,500,000
Unnamed Locations World-Wide	\$1,000,000	\$1,000,000
Fine Arts	\$1,500,000	\$1,500,000
Accounts Receivable	\$1,000,000	\$1,000,000
Valuable Papers and Records	\$1,000,000	\$1,000,000
Library Books	\$5,000,000 not to exceed \$100 per book	\$5,000,000 not to exceed \$100 per book
Electronic Data Processing, Data and Media	\$3,000,000	\$3,000,000
Demolition and Increased Cost of Construction		
• Undamaged Portion	Policy Limit \$10,000,000	Policy Limit \$10,000,000

Property and Boiler & Machinery	Affiliated FM Expiring 2012 to 2013	Affiliated FM Renewal 2013 to 2014
<ul style="list-style-type: none"> • Demolition • Compliance with the Law 	Included in Demolition Included in Demolition	Included in Demolition Included in Demolition
Business Interruption		
Errors and Omissions	\$1,000,000	\$1,000,000
Transit Coverage	\$1,000,000	\$1,000,000
Tenants Legal Liability and Expenses	\$500,000	\$500,000
Soft Costs	\$100,000	\$100,000
Research and Development	Included	Included
Research Animals	\$250,000 not to exceed \$1,000 per animal	\$250,000 not to exceed \$1,000 per animal
Personal Property of Students and Teachers not to exceed a limit of \$10,000 Per Student or Teacher (Annual Aggregate, for all coverages provided)	\$1,000,000	\$1,000,000
Business Interruption – Extensions of Coverage Sub-Limits		
Days of Ordinary Payroll	90 Days	90 Days
Days of Civil Authority	30 Days	30 Days
Off-Premises Service Interruption	\$2,500,000	\$2,500,000
Contingent Business Interruption	\$500,000	\$500,000
Ingress/Egress	\$500,000	\$1,000,000
Extended Period of Indemnity	365 days	365 days
Deductibles:		
Earth Movement (per occurrence for each location for all coverages provided)	\$100,000	\$100,000
Flood (per occurrence for each location for all coverages provided)	\$100,000	\$100,000
Off-Premises Service Interruption Qualifying Period	24 Hours	24 Hours
All Other Losses	\$25,000	\$25,000
430-440 N. 15 th Street Building	\$50,000	\$50,000
Premium	\$171,905	\$180,189
Certified Act of Terrorism	\$10,000	\$10,000
Engineering Fee	\$8,500	\$8,500
Commission	15%-minus engineering fee	15% minus engineering fee
Net Commission	\$163,119	\$168,621
Payment Terms	Upfront	Upfront

General Liability Coverage Comparison

An important note – UE is offering a dividend to their renewing members this year. CCP will be eligible for \$15,143.77 if you renew at least one line of coverage with UE.

General Liability	United Ed Expiring 2012 to 2013	United Ed Renewal 2013 to 2014
Limits of Liability		
General Aggregate	\$3,000,000	\$3,000,000
Each Occurrence	\$1,000,000	\$1,000,000
Fire Damage Legal Liability	\$1,000,000	\$1,000,000
Medical Expenses Per Person	\$5,000	\$5,000
Deductible		
Property Damage	\$0	\$0
Each Occurrence	\$25,000	\$25,000
Annual Aggregate	\$100,000	\$100,000
Coverages		
Defense Costs are in addition to the Limits of Liability	Yes	Yes
Premises/Operations	Yes	Yes
Products/Completed Operations	Yes	Yes
Independent Contractors	Yes	Yes
Blanket Contractual Liability	Yes	Yes
Personal & Advertising Injury	Yes	Yes
Personal Injury – Non-employment sexual harassment coverage	Yes	Yes
Premises Medical Payments	Yes	Yes
Liquor Liability	Yes	Yes
Premises Non-Owned Automobile Liability	Yes	Yes
Mobile Equipment	Yes	Yes
Broad Form Property Damage	Yes	Yes
Watercraft (no submersible) up to 50 feet and rowing shells regardless of length	Yes	Yes
Additional Coverages/Extensions		
Amendment of Pollution Exclusion – smoke from hostile fire, pollution from HVAC, application of pesticide & herbicides	Yes	Yes
Sudden and Accidental Above Ground Pollution (including bodily injury in laboratories)	Yes	Yes
Additional Insured – (blanket wording – anyone whom you are required by written contract to include as additional insured)	Yes	Yes
Allied Health Services provided at student infirmaries are included if the services are	Yes	Yes

General Liability	United Ed Expiring 2012 to 2013	United Ed Renewal 2013 to 2014
provided by an employee of the educational institution who is a registered nurse, licensed practical nurse, licensed or certified athletic trainer, nurse practitioner or other allied health personnel		
Joint Venture Coverage	Yes	Yes
Punitive Damages included where insurable by Law	Yes	Yes
"Temporary" Employees are included as Insureds	Yes	Yes
Uncompensated volunteers are included as Insureds at the discretion of the Institution	Yes	Yes
Mental Anguish is included as Bodily Injury	Yes	Yes
Corporal Punishment, sexual assault / molestation coverage (perpetrator excluded)	Yes	Yes
Athletic Events (including liability for participants)	Yes	Yes
Worldwide Territory, including incidental foreign Hired / non-owned automobile coverage	Yes	Yes
Foreign Terrorism / Foreign Hostilities Exception	Yes	Yes
Broadened Knowledge of Occurrence	Yes	Yes
90days Notice of Cancellation	Yes	Yes
Premium	\$146,080	\$159,666
RMPC Credit	(\$5,843)	(\$6,387)
Total Policy Cost	\$140,237	\$153,279
Commission	0%	0%
Payment Terms	Up Front	Upfront

Automobile Coverage Comparison

Business Automobile	Philadelphia Ins. Co. Expiring 2012-2013	Philadelphia Ins. Co. Renewal 2013-2014
Limits of Liability		
Combined Single Limit (BI & PD per Accident) – Symbol 1	\$1,000,000	\$1,000,000
Personal Injury Protection – Symbol 5	Statutory	Statutory
Added Personal Injury Protection – Symbol 5	Maximum	Maximum
Uninsured Motorist – Symbol 2	\$1,000,000	\$1,000,000
Underinsured Motorist – Symbol 2	\$1,000,000	\$1,000,000
Garage Keepers Legal Liability	\$50,000	\$50,000
Physical Damage		
Comprehensive Deductible – Symbols 2, 8	\$500	\$500
Collision Deductible – Symbol 2, 8	\$1,000	\$1,000
Hired/Borrowed Car Physical Damage	ACV or repair or replacement of the vehicle, whichever is less	ACV or repair or replacement of the vehicle, whichever is less
Garage Keepers Legal Liability Comprehensive Deductible	\$500 each accident \$2,500 aggregate	\$500 each accident \$2,500 aggregate
Garage Keepers Legal Liability Collision Deductible	\$500	\$500
Additional Coverages/Extensions		
Rental Reimbursement Coverage (up to \$100 a day for up to 30 days)	Yes	Yes
Additional and Combination First Party Benefits – \$277,500	Yes	Yes
Hired Autos Specified as covered autos you owned – CA9916	Yes	Yes
Broadened Pollution Liability Coverage	No	No
Employees as Insureds (include employee rentals in their name on company business)	Yes	Yes
Fellow Employee Exclusion Deleted for managers and above	Yes	Yes
Towing and Labor (\$100 per disablement)	Yes	Yes
Blanket Additional Insured Lessor	Yes	Yes
Unintentional Errors & Omissions	Yes	Yes
Broad Named Insured Wording	Yes	Yes
Broadened Notice of Occurrence	Yes	Yes
Broadened Knowledge of Occur.	Yes	Yes

Business Automobile	Philadelphia Ins. Co. Expiring 2012-2013	Philadelphia Ins. Co. Renewal 2013-2014
60 Days Notice of Cancellation	Yes	Yes
Transfer Rights of Recovery Endorsement	Yes	Yes
Number of Power Units	6	6
Premium	\$17,302	\$17,301
Commission	0%	0%
Payment Terms	25% Down and 9 Equal Installment	25% Down and 9 Equal Installment

Workers Compensation Coverage Comparison

Workers' Compensation	Lackawanna Expiring 2012 to 2013	Lackawanna Renewal 2013 to 2014	Highmark Renewal 2013 to 2014
Limits of Liability			
Workers' Compensation	Statutory	Statutory	Statutory
Employer's Liability Each Accident	\$500,000	\$500,000	\$500,000
Employer's Liability Disease Aggregate	\$500,000	\$500,000	\$500,000
Employer's Liability Disease Each Employee	\$500,000	\$500,000	\$500,000
Coverages/Extensions			
Other State Insurance (applies in all states except Monopolistic States)	Only PA	Only PA	Only PA but can write in MD and NJ on an incidental basis
Voluntary Compensation	Yes	Yes	
Stop Gap Coverage	No	No	
60 Days Notice of Cancellation / 10 for Nonpayment	Yes	Yes	
PA Modification Factor	.924	.886	.886
Payroll	\$77,125,000	\$78,480,00	\$78,480,000
Premium Information	Subject to Audit	Subject to Audit	Subject to Audit
Plan Type	Guaranteed Cost	Guaranteed Cost	Guaranteed Cost
Premium	\$325,720	\$353,666	\$333,135
Commission	0%	0%	0%
Net Commission	\$325,720	\$353,666	\$333,135
Payment Terms	Annual	Annual	10 Payments-10% Deposit w/ balance in 9 equal monthly payments

Excess Liability Coverage Comparison

Excess Liability	United Ed Expiring 2012 to 2013	United Ed Renewal 2013 to 2014
Limits of Insurance		
Each Occurrence	\$25,000,000	\$25,000,000
Annual Aggregate Limit for:	\$25,000,000	\$25,000,000
(i) Product Liability		
(ii) Completed Operations Liability		
(iii) Employee Occupational Disease Liability		
Sexual Molestation	\$25,000,000	\$25,000,000
Underlying Limit Retention	\$1,000,000	\$1,000,000
Inception Date	July 1, 2000	July 1, 2000
Maintenance Deductible	\$10,000 per drop down coverage	\$10,000 per drop down coverage
Underlying Insurance Aggregate Exhaustion:		
▪ Employers Liability	Yes	Yes
▪ Professional Liability (student blanket)		
▪ General Liability		
▪ Foreign Liability		
Coverage/Extensions		
“Pay on Behalf of”	Yes	Yes
Defense Costs are inside the Limits of Liability		
Worldwide Territory	Yes	Yes
Pollution – follow Form to Primary Policies	Yes	Yes
Athletic Event Liability – Including Injury to Participants	Yes	Yes
Professional Liability of Employees in the student health services	Yes	Yes
Security Forces Liability	Yes	Yes
Sudden and Accidental above ground pollution (including bodily injury in laboratories)	Yes	Yes
Liquor Liability – Host & Licensed Sales	Yes	Yes
Watercraft (non-submersible) under 26 feet and rowing shells	Yes	Yes
Corporal Punishment, sexual assault / molestation (perpetrator excluded)	Yes	Yes
Punitive Damages included where insurable	Yes	Yes
90 Days Notice Cancellation	Yes	Yes
Premium	\$85,486	\$85,496
RMPC Credit	(\$3,420)	(\$3,420)
Total Policy Cost	\$82,076	\$82,076
Payment Terms	Up Front	Upfront

Educators Legal Liability Coverage

Educators Legal Liability	AIG Expiring 2012 to 2013	AIG Renewal 2013 to 2014
Limits of Liability		
D&O and Not-for-Profit Organization	\$15,000,000	\$15,000,000
Crisis Management Fund for D&O	\$50,000	\$50,000
Employment Practices	\$15,000,000	\$15,000,000
Employed Lawyers ¹	\$5,000,000	\$5,000,000
Policy Aggregate (Shared limit of Liability between D&O, EPL & Employed Lawyers)	\$15,000,000	\$15,000,000
Side A Excess Limit	\$500,000	\$500,000
Self-Insured Retention (per claim) (including defense cost)		
Non-Indemnifiable directors, trustees & officers	\$0	\$0
Crisis Management Event	\$0	\$0
Non-employment Discrimination claims (EPL coverage section)	\$75,000	\$75,000
Employed Lawyers coverage section	\$10,000	\$10,000
All other claims	\$75,000	\$75,000
Continuity Date : D&O and EPL	07/01/1998	07/01/1998
Continuity Date : Employed Lawyers	07/01/2007	07/01/2007
Defense Counsel Provisions	AIG Counsel	AIG Counsel
Duty to Defend	Optional Duty to Defend	Optional Duty to Defend
Coverages/Extensions		
Defense Costs are included within the limit of liability	Yes	Yes
Directors & Officers Liability, Educational Errors & Omissions and Employment Practices Liability	Yes	Yes
Punitive Damages where insurable by law	Yes – Included in Policy Limit	Yes – Included in Policy Limit
60 days Post Policy Reporting Allowance	Yes	Yes
30 days Notice of Cancellation	Yes	Yes
Notable Exclusions		
Illegal or unjust profit	Yes	Yes

Educators Legal Liability	AIG Expiring 2012 to 2013	AIG Renewal 2013 to 2014
ERISA Liability	Yes	Yes
Insured vs. Insured	Yes	Yes
Professional Services (other than education or teaching and employed attorneys)	Yes	Yes
Bodily Injury, death, Mental Injury or Emotional Distress (Exception to Mental Injury of Emotional Distress arising from Wrongful Employment practices)	Yes	Yes
Property Damage or Destruction	Yes	Yes
Assault or Battery	Yes	Yes
Contractual Exclusion – carve out: <ul style="list-style-type: none"> ▪ liability that would have existed in the absence of a contract ▪ tenure and peer review ▪ Defense Cost ▪ Educational Services 	Yes	Yes
Collective Bargaining	Yes	Yes
Outside Directorship (excepting those not-for-profit organizations)	Yes	Yes
Fair Labor Standards Acts or similar law (except for the Equal Pay Act, or any retaliation for exercising any rights or duties under any such laws)	Yes	Yes
Final Adjudication for all conduct Exclusions	Yes	Yes
Severability for all conduct Exclusions	Yes	Yes
Moonlighting Exclusion (Employed Lawyers Section)	No	Yes
Miscellaneous Endorsements		
Severability of the Application	Yes – full severability of Insureds / Top 3 CCP positions imputed to the Institution	Yes – full severability of Insureds / Top 3 CCP positions imputed to the Institution
Non-Rescindable	Yes	Yes
Order of Payments	Yes	Yes
Settlement Opportunity End. D&O and EPL	80% carrier / 20% insured	80% carrier / 20% insured
Claim Definition Amended – Delete EEOC ²	Yes	Yes

Educators Legal Liability	AIG Expiring 2012 to 2013	AIG Renewal 2013 to 2014
Payment Plan	Up Front	Upfront
Premium	\$93,316	\$95,951
Commission	15.5%	15.5%
Net Premium	\$78,852	\$81,079

Crime Coverage Comparison

Crime Coverage	AIG Expiring 2012 to 2013	AIG Renewal 2013 to 2014	Travelers Renewal 2013 to 2014
Limits of Liability (per occurrence)			
Employee Theft	\$4,000,000	\$4,000,000	\$4,000,000
Forgery or Alteration	\$4,000,000	\$4,000,000	\$4,000,000
Inside The Premises – Theft of Money and Securities	\$4,000,000	\$4,000,000	\$4,000,000
Inside The Premises – Robbery or Safe Burglary of Other Property	\$4,000,000	\$4,000,000	Included above
Outside The Premises	\$4,000,000	\$4,000,000	\$4,000,000
Computer Fraud	\$4,000,000	\$4,000,000	\$4,000,000
Money Orders and Counterfeit Paper Currency	\$4,000,000	\$4,000,000	\$4,000,000
Funds Transfer Fraud	\$4,000,000	\$4,000,000	\$4,000,000
Credit, Debit or Charge Card Forgery	\$1,000,000	\$1,000,000	Included in Fraud
Client's Property	\$1,000,000	\$1,000,000	n/a see tenants property
Claims expense	n/a	n/a	\$50,000
Deductibles (per occurrence)			
Each Loss	\$40,000	\$40,000	\$40,000
Except Client Property	\$10,000	\$10,000	n/a
Claims expense			\$0
Coverages/Extensions			
Employee Benefit Plan included as Insured/ERISA Compliance (Omnibus wording)	Yes	Yes	Yes
Definition of Employee: any natural person while in your services whom you compensate, whom you have direct control while performing services for you.	Yes	Yes	Yes
Loss will be covered up to one year after policy termination	Yes	Yes	Yes
60 days Notice of Cancellation	Yes	Yes	Yes
Protected Information Exclusion	No	Yes	No
Indirect Or Consequential Loss Exclusion	No	Yes	Yes
Tenant's Property Endorsement	No	No	\$1,000,000 Limit Retention-\$10,000
Premium	\$17,397	\$17,948	\$6,060
Commission	15.5%	15.5%	22.5%
Net Premium	\$14,701	\$15,166	\$4,696
Payment Terms	Up Front	Upfront	Upfront

Student Blanket Prof. Liab. Coverage Comparison

Student Blanket Professional Liability	CNA Expiring 2012 to 2013	CNA Renewal 2013 to 2014
Limits of Liability		
Each Loss	\$1,000,000	\$1,000,000
Each Policy Period	\$5,000,000	\$5,000,000
Deductible	Nil	Nil
Coverages/Extensions		
Coverage for Actual or Alleged Medical Incidents	Yes	Yes
Faculty included as an Additional Insured while instructing / supervising students	Yes	Yes
Entity / Educational Organization as an Additional Insured	Yes	Yes
Defense Cost	Outside the limits of Liability	Outside the limits of Liability
Personal Injury Protection	Covered claims arising from charges of privacy violation, slander, libel, assault and battery and other alleged personal injuries.	Covered claims arising from charges of privacy violation, slander, libel, assault and battery and other alleged personal injuries.
School Grievance / Disciplinary Hearing	Up to \$1,000 per proceeding Up to \$10,000 aggregate	Up to \$1,000 per proceeding Up to \$10,000 aggregate
Damage to Property of Others	Up to \$250 per incident Up to \$10,000 aggregate	Up to \$250 per incident Up to \$10,000 aggregate
Assault Coverage	Covered Medical Expense or reimburses for damages to your property up to \$25,000 aggregate, up to \$1,000 per incident	Covered Medical Expense or reimburses for damages to your property up to \$25,000 aggregate, up to \$1,000 per incident
Medical Payments	Up to \$100,000 aggregate Up to \$2,000 per person	Up to \$100,000 aggregate Up to \$2,000 per person
First Aid Expenses	Up to \$25,000 aggregate Up to \$500 per incident	Up to \$25,000 aggregate Up to \$500 per incident

Student Blanket Professional Liability	CNA Expiring 2012 to 2013	CNA Renewal 2013 to 2014
Defendant Expense Benefit	Up to \$10,000 aggregate for lost wages and covered expenses	Up to \$10,000 aggregate for lost wages and covered expenses
Deposition Representation	Up to \$5,000 aggregate	Up to \$5,000 aggregate
Number of Students	828	782
Premium	\$8,753	\$8,267
Willis Commission	0%	0%
HPSO Commission	40%	40%
Payment Terms	Prepaid	Prepaid

Security & Privacy Liability

• Security & Privacy	Beazley Expiring 2012-13	Beazley Renewal 2013-14	AIG Renewal 2013-14	ACE Renewal 2013-14
Limits of Liability				
Policy Type	Claims Made & Reported	Claims Made & Reported	Claims Made & Reported	Claims Made & Reported
Policy Aggregate	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Security & Privacy Liability				
<ul style="list-style-type: none"> • Per Claim • Annual Aggregate 	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000 \$1,000,000
Regulatory Compliance	\$1,000,000 Regulatory Defense	\$500,000 Regulatory Defense	\$1,000,000	\$1,000,000 Regulatory Proceedings
PCI Fines and Penalties	\$250,000 <i>*Subject to a \$10,000 retention</i>	\$250,000 <i>*Subject to a \$25,000 retention</i>		
Security and Privacy Retention	\$25,000 Each Claim	\$25,000 Each Claim	\$25,000	\$25,000
Data Breach Expenses:	<i>Privacy Breach Services</i>	<i>Privacy Breach Services</i>	<i>Event Management Insurance</i>	<i>Data Breach Fund</i>
	<ul style="list-style-type: none"> • Privacy Breach Services • 250,000 – aggregate number of notified 	<ul style="list-style-type: none"> • Privacy Breach Services • 250,000 – aggregate number of notified individuals – subject to a 	<ul style="list-style-type: none"> Event Management Insurance Aggregate: \$250,000 	<ul style="list-style-type: none"> Data Breach Fund – Aggregate: \$500,000 Expenses related to

• Security & Privacy	Beazley Expiring 2012-13	Beazley Renewal 2013-14	AIG Renewal 2013-14	ACE Renewal 2013-14
	individuals – subject to a minimum of 250 affected Persons <ul style="list-style-type: none"> • 10,000 Fraud Cases in the Aggregate - Identity Restoration/ Credit Monitoring • Legal Forensic Expenses - \$250,000 • Foreign Notifications- \$100,000 	minimum of 250 affected Persons <ul style="list-style-type: none"> • Legal Forensic Expenses - \$250,000 • Foreign Notifications- \$100,000 	\$250,000 (for 1,2,5,6 and 7) AND 250,000 individuals – Subject to a minimum affected persons of 250 (for 3 and 4) <ol style="list-style-type: none"> 1. Forensic Investigation 2. Public Relations 3. Notification Expenses 4. Credit Monitoring Services/ Identity Theft Assistance 5. Other Services (upon approval) 6. To Restored, Recreate and - Recollect Electronic Data 7. To Determine if Electronic Data can be restored, recreated or - recollected 	breach (including regulatory use of breach Privacy Regulations firm, retaining services of a , retaining the services of a port s/ Crisis Communication cation service to voluntarily s n solely to determine rights under a contract ces of a licensed investigator list to provide one year of on g services storations services
Data Breach Expense Retentions:	\$10,000 combined , \$5,000 for legal services (which is part of and not in addition to the combined retention)	\$10,000 combined , \$5,000 for legal services (which is part of and not in addition to the combined retention)	\$10,000	\$10,000 Each Claim

• Security & Privacy	Beazley Expiring 2012-13	Beazley Renewal 2013-14	AIG Renewal 2013-14	ACE Renewal 2013-14
Crisis Management & Public Relations Insurance	\$50,000	\$50,000	\$50,000	Included in Data Breach Fund
Crisis Management Retention	\$2,500	\$2,500	\$0	
Cyber Extortion Insurance	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Cyber Extortion Retention	\$25,000 Each Extortion Threat	\$25,000 Each Extortion Threat	\$10,000	\$25,000
Media Liability				
Media Retention				
1st Part Business Interruption				
1st Party Business Interruption	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
1st Party Data Recovery				Not Included
1st Party Business Interruption Aggregate Sublimits:				
▪ Hourly Sublimit	\$100,000	\$100,000		
▪ Forensic Expense Limit	\$100,000	\$100,000		
▪ Dependent Business Interruption	\$100,000	\$100,000		
1st Party Business Interruption Retentions:				
• Waiting Period	10 Hours	10 Hours	10 Hours	10 Hours
• Retention	• Income Loss -	• Income Loss -	\$25,000 Each Claim	\$25,000 Each Claim

• Security & Privacy	Beazley Expiring 2012-13	Beazley Renewal 2013-14	AIG Renewal 2013-14	ACE Renewal 2013-14
	\$25,000 • Extra Expense Loss - \$25,000	\$25,000 • Extra Expense Loss - \$25,000		
Retroactive & Continuity Date	7/1/11	7/1/11	7/1/11	7/1/11
Notable Exclusions				
PCI Compliance Exclusion	No	No	No	No
Encryption Exclusion	YES	YES	No	No
False Claims Exclusion				
Payment Term:	Up Front	Up Front	Up Front	Up Front
Commission	22.5%	22.5%	0%	0%
Premium:	\$25,750	\$25,750	\$17,325	\$17,784
Commission Amount	(\$5,794)	(\$5,794)	(\$0)	\$214 TRIA / Optional
Net Premium	\$19,956	\$19,956	\$17,325	\$0
				\$17,998

Options:

AIG:

Option 2 – Includes Media Liability for \$1M - \$20,952

Option 3 – Does not include Media Liability coverage – Increases all of the \$1M Limits to \$2M – Retentions stay the same – Event Management stays the same - \$24,327

Option 4 – Includes Media Liability for \$2M and all other Limits to \$2M Retentions stay the same – Event Management stays the same - \$31,817

ACE:

Option 2 – Increases the liability limits to \$2M / Business Interruption and Digital Asset stay at \$1M – Data Breach Fund up to \$1M – retention stay the same - \$29,920

Option 3 - Increases the liability limits to \$3M / Business Interruption and Digital Asset stay at \$1M – Data Breach Fund up to \$1M – Third Party Liability retentions increase to \$5K -

\$35,578

ATTACHMENT B
OVERVIEW OF GARAGE RFP PROCESS
SUMMARY OF RFP FINDINGS

Recommendation for Main Garage Contractor

The College's Main Garage has been managed by Park-It, Inc. since its opening in March, 1986. Although Park-It has provided satisfactory services to the College over the years, College staff decided to conduct a bid process in order to consider other operators. Goals of the College are to enhance revenues, have an operator take more ownership of garage maintenance, and offer improved customer service.

The proposal review process was undertaken by a staff committee consisting of Tom Hawk (VP for Planning & Finance), Jim Spiewak (AVP for Budgets and Financial Services), Marsia Henley (Purchasing Manager), Laura Harman (Auxiliary Services Manager) and Harry Moore (AVP Facilities and Construction). The Committee collectively created the RFP which was issued on March 1, 2013 to seventeen parking firms who operate garages in the Philadelphia metro area. A mandatory pre-proposal meeting was held on March 11, 2013 in which ten firms participated.

Proposals were received by the April 22 deadline from Towne Park, Park America, Inc., Standard Parking Corporation, ABM Parking Services, Impark and LAZ Parking. The current operator did not submit a bid. The Committee reviewed the proposals and issued interview invitations to ABM, Impark and LAZ, whose proposals were deemed the best. Finalists were selected based upon the following criteria: completeness of submitted proposal, experience with similar sized parking operations, familiarity with Data Park (access and payment systems) equipment, quality of proposed customer services, financial controls, financial reporting, management fee, experience of proposed site manager, opportunities for M/W/DBE firm participation within the contract, consideration of current staff for employment, staffing plan for garage operation, and garage employee compensation levels.

Based upon in-depth interviews, LAZ and Impark were determined to be the strongest candidates. Reference checks were performed for both contractors and unannounced site visits were made to Temple Medical Center and Thomas Jefferson Medical Center operated respectively by Impark and LAZ Parking. The reference checks were uniformly positive for both firms and the site visits did not reveal any negative aspects in either firm's operations.

Although both candidates had impressive proposals and presentations, managed similar-type facilities, recognized the importance of customer service, proposed experienced site managers and had positive references; the Committee felt that a few factors made LAZ a slightly better choice.

Several of LAZ's Philadelphia facilities utilize the same parking/revenue system, DataPark, as is installed at the College's facility. This system knowledge should be an advantage as the College moves to enable parking fee payments to be made *via* the College's one-card (Colonial Card) and may result in less system's maintenance costs. The management fee of \$18,000 per year proposed by LAZ is less than the \$27,000 proposed by ImPark. Their fee will remain the same over the length of the contract

whereas ImPark's fee would increase by 3% per year. LAZ also has a full service garage maintenance department with whom the College may contract to provide assistance to the College's Facilities Department during emergencies related to the garage facility. LAZ also identified four M/W/DBE firms that they would use to service the College account as required (janitorial supplies, painting, snow removal/power-washing, cleaning service).

For these reasons, staff recommend a three-year contract with two option years be awarded to LAZ Parking with a commencement date of August 26, 2013.

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Wednesday, June 26, 2013 – 12:00 Noon

Present: Mr. Rich Downs, Mr. Matthew Bergheiser, Dr. Thomas R. Hawk, Mr. Todd Murphy, Mr. Robert Lucas, Mr. James Spiewak, and representing KPMG: Ms. Chris Chepel and Mr. Arthur M. Ayres, Jr.

Not Present: The Honorable Michael A. Nutter, Mr. Jeremiah White, Dr. Stephen M. Curtis, and Jill Garfinkle Weitz, Esq.

AGENDA – PUBLIC SESSION

1. Approve Minutes of Audit Committee Meeting on March 21, 2013 (Action Item):

Action: Mr. Downs received an email for a motion to recommend acceptance of the March 21, 2013 Audit Committee meeting minutes. Mr. White made the motion. Mr. Bergheiser seconded the motion. The motion passed unanimously.

2. 2012-2013 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 and stated that they were intact. Ms. Ayres will remain as Engagement Manager and Ms. Chepel will continue as Engagement Partner. She noted there will be some changes at the staff level, which have been discussed with management.

Mr. Ayres briefly discussed the significant audit areas as outlined in Attachment A. He described management's estimates and judgments, as well as significant current year events that will be focused on during this year's audit. Ms. Chepel asked if there were any other areas that the committee would like the audit team to focus. Committee members affirmed that they were satisfied with the proposed audit scope.

A general question was raised by Mr. Downs regarding 2013-14 enrollments, funding and potential debt refinancing. Dr. Hawk explained that the College completed a small refinancing of the 1999 Bonds in the spring of 2013. No other debt is currently eligible for refinancing. The budget assumes a 4 percent decrease in enrollments due primarily to the new federal restrictions on Pell awards. As a result, the approved budget has a projected use of \$1.6 million in carryover funds. Enrollments for 2013-14 are currently exceeding budget projections. If current trends continue, the College should be able to complete the 2013-14 year with a balanced budget. State funding will be unchanged for fiscal 2014. The adopted 2013-14 City Budget provides the College with a one million dollar increase over the 2012-13 funding level.

Mr. Downs asked about the impact of GASB 45 this year. Dr. Hawk explained that based on a recommendation from KPMG last year, the College has revised the discount rate from 5 to 4 percent and contracted with the actuary to re-compute the Post Employment Benefit Actuarial Assessment for the 2012-13 fiscal year. The change in present value discount rate will increase the accrued expense by approximately one million dollars more than it would have been with the 5 percent rate. Staff

noted that this is not an institutional budget issue, but rather a financial reporting issue showing an estimate of an accrued liability for future years. Annual retiree benefit costs are paid for out of the annual budget expense plan.

Mr. Downs reminded the Committee of his concern about the unrestricted fund balance being negative. Dr. Hawk responded that this has been a longstanding topic of conversation with the Board. As previously discussed with the Board, Moody's has indicated they understand the reporting impact of GASB 45 on governmental entity financial reports. To date, this accrued liability has not had a negative impact on the current bond rating (A1). Changes to eligibility requirements currently under discussion in the collective bargaining process, if adopted, will reduce the value of the accrued liability.

Ms. Chepel discussed the new accounting pronouncements GASB 63, which introduces new reporting concepts: "deferred resource inflows," "deferred resource outflows," and "net position" that will be reflected in the College's financial reporting for 2012-13. Although the reporting will not have a great impact, it will change the reporting for debt refunding and debt issuance costs. Specifically, this will occur for debt issuance costs that were previously amortized over the life of the debt. However, under the new standard these costs will now be required to be expensed all at once. In addition, the GASB 45 Post Employment Benefit Liability will be shown differently on the College's balance sheet in the 2013-14 year.

Ms. Chepel concluded the presentation by asking committee members from their perspective if there were any other areas they felt warranted to be given particular attention during this year's audit. All members felt comfortable with KPMG's focus for the audit.

3. 2012-2013 Budget Update (Information Item):

With the exception of Mr. Downs, the committee members had previously heard management's presentation of the budget update at the Business Affairs Committee meeting. Mr. Downs said there was no need to walk through the handout again, since he was comfortable with the update and had discussed a few of his questions earlier with staff. Staff discussed some of the factors that contributed to the projected 2012-13 surplus. In addition to broad-based expense containment efforts, key factors include the additional one million dollars received from the State after the budget was adopted and the lack of expenditures devoted to the development of the next Facility Master Plan. The cost of the Master Plan has been deferred to the 2014 and 2015 fiscal years.

4. Internal Audit Plan 2013-2014 Year (Information Item):

Mr. Lucas provided an update on the 2012-2013 internal audit procedures since he has joined the College staff in early Spring 2013. Specifically, he discussed follow-up reviews of past internal audits in the Study Abroad Program, Culinary Arts, Veteran's Benefits and neighborhood site offerings. Mr. Lucas noted that the audit plan had been informed by meeting with all College Vice Presidents to understand potential risks in their areas of responsibilities. Based on these interviews with Senior Management, he was able to develop a list of approximately 75 auditable units. One of the goals in building the audit plans will be to avoid having only a focus on "high risk" areas and ignore other areas of potential risk. The 2013-2014 audit plan (Attachment B) addresses a combination of high risk areas and lower risk areas.

Mr. Downs asked if there was anything in the three months since Mr. Lucas started that concerned him from an internal audit perspective. Mr. Lucas stated that he was not currently concerned about any specific area and noted that the College has good internal controls in place.

5. September Meeting Date (Information Item):

Mr. Murphy asked about scheduling a September meeting to present the College's Financial Statements. It was decided to wait until new members are appointed to the Audit Committee before scheduling the meeting.

EXECUTIVE SESSION

The Committee met with the Internal Auditor, Mr. Robert Lucas, separately.

TEM/lmh

Attachments

cc: Dr. Stephen M. Curtis
Dr. Thomas R. Hawk
Jill Garfinkle Weitz, Esq.
Mr. James P. Spiewak
Mr. Robert Lucas
Representing KPMG: Ms. Chris Chepel and Mr. Arthur Ayres

LORETTA/AUDIT/JUNE 26, 2013 AUDIT COMMITTEE MINUTES

ATTACHMENT A

KPMG 2012-2013 AUDIT PROCESS



cutting through complexity™

FY 2013: Audit Planning Discussion with the Audit Committee

**Community College of
Philadelphia**

June 26, 2013

Agenda

1 Audit Plan – Key Items for Discussion

- Client service team
- Significant audit areas
- Accounting and auditing pronouncements impacting 2013
- Perspectives of the Audit Committee
- Audit fees

2 Other Required Communications under Professional Standards

- Objective of an audit
- Responsibilities
- Audit scope
- Timelines
- General approach to fraud risk

3 Recent Publications

- Governance Challenges and Priorities Driving the 2013 Agenda: *Insights from the 9th Annual Audit Committee Issues Conference*
- Audit Committee Considerations in 2013 for Higher Education and Other Not-for-Profit Organizations

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1 Audit Plan: Key Items for Discussion

Client service team

**Engagement Audit
Partner**
Chris Chepel

**Engagement Quality
Control Reviewing
Partners**
Jane Letts

**Engagement Audit
Manager**
Arthur Ayres

IT Manager
Mark Brennan

Significant audit areas

Routine balances and transactions	Significant estimates and judgments	Significant current year events and transactions
<ul style="list-style-type: none"> ▪ Cash and cash equivalents ▪ Tuition and fee revenue and related accounts and student loans receivable ▪ Investments, related investment return and endowment disclosures ▪ Student financial aid ▪ Contributions revenue and related receivables ▪ Grants revenue and related receivables ▪ Land, buildings, and equipment and related depreciation ▪ State and city appropriations and related payables and receivables ▪ Collections ▪ Accounts payable, accrued expenses and related expenditures ▪ Long-term debt and related accounts ▪ Deferred income ▪ Accrued compensation ▪ Activities of component unit Foundation ▪ Journal entries (consideration of risk of management override) 	<ul style="list-style-type: none"> ▪ Fair value of investments in investment companies ▪ Discount and allowance for contributions receivable (Foundation Capital campaign) ▪ Post retirement benefit obligation ▪ Commitments and contingencies 	<ul style="list-style-type: none"> ▪ New/ongoing construction (expenditure of bond proceeds, grants, and gifts) ▪ Recently announced personnel changes

Accounting and auditing pronouncements effective for June 30, 2013 year-end

■ Clarified Auditing Standards

- Will significantly change the appearance and presentation of audit reports, including headings and simplified language

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

- This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. It also requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities.
- Deferred inflows and outflows of resources represent the current acquisition or consumption of net assets that is applicable to a future reporting period.
- In addition, it amends certain provisions of Statement 34 and related pronouncements to define the residual measure in the statement of financial position as net position, not net assets.

Impact for CCP: There will be limited impact in the first year of implementation other than the formatting changes described above. Standards with future effective dates will result in deferred inflows and outflows of resources being recognized, and certain items that have previously been classified as assets being reclassified as expenses

■ Statement No. 65, *Items Previously Classified as Assets and Liabilities* (effective for FY 2014)

- Among other things, the standard will impact:

- Debt refundings – gain or loss on defeasance will now be a deferred inflow or outflow of resources instead of an assets or liability
- Debt issuance costs – will generally be expensed going forward (will apply retroactively to existing capitalized debt issuance costs)

- It is also anticipated that certain components of the other postemployment benefits obligation will be categorized as deferred outflows of resources rather than as a liability, including the impacts of changes of economic and demographic assumptions and differences between expected and actual experience.

Audit committee perspectives

In addition to the audit committee's core responsibilities with respect to financial reporting and internal controls, including review of external auditor reports and recommendations, the following areas are receiving increasing attention from audit committees:

- Enterprise risk management*
- Information technology
- Regulatory compliance, including research, clinical, etc.
- Conflict of interest / related party transactions
- Globalization
- Congressional, IRS and media attention
- Form 990 disclosures and other tax matters
- Oversight of internal audit – assessing effectiveness
- Audit committee effectiveness, self-assessment, and education

*Certain "event driven" risks have been added to agendas, including activities involving minors, reporting of institutional data, on-line education developments, and impact of the ongoing federal budget negotiations and sequester.

Areas that may warrant particular attention during the audit:

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

2013 Audit Fees

Audit Deliverables	Contracted fee
Community College of Philadelphia financial statement audit	\$80,250
CCP Foundation financial statement audit	\$6,550
OMB Circular A-133 (Single Audit) report – first two major programs	\$29,480
OMB Circular A-133 (Single Audit) - each additional major program	\$11,750
State Grant agreed-upon procedures	\$13,100
PA Department of Community and Economic Development Grants (as required) - each	\$5,700

2 Other Required Communications

Objective of an audit

- The objective of an audit of financial statements is to enable the auditor to express an opinion 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 consolidated financial statements taken as a whole 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 consolidated 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

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 an opinion 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:
 - whether the College’s controls sufficiently address identified risks of material misstatement due to fraud; and
 - 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 scope

	Deliverables
Primary Audit	<ul style="list-style-type: none"> ■ Opinion on the financial statements of the College and its component unit Foundation ■ Report under <i>Government Auditing Standards</i> on internal control, compliance and other matters ■ Reports required under U.S. OMB Circular A-133, <i>Audits of States, Local Governments and Not-for-Profit Organizations</i> (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, <i>Communication with those Charged with Governance</i>
Other Reports and Services	<ul style="list-style-type: none"> ■ Tax Services (Form 990 for the Foundation) ■ PA Department of Community and Economic Development (DCED) audit reports(s) (if required)

Audit timelines - financial statement audit

Audit Interim Phase (June-July)

Meet with senior management to discuss year-to-date results and identify any emerging accounting and financial matters

Meet with Audit Committee to discuss the 2013 audit plan

Update understanding of key processes, risks, and internal controls

Perform audit procedures on internal controls and perform audit procedures on selected interim balances

Information Technology procedures

Provide feedback to management on results of interim procedures, potential management letter comments, and audit plan revisions, if any

With respect to the A-133 audit, identify preliminary major programs and hold A-133 planning meeting with key members of program management

Final Phase (August - September)

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 2013

Issue final financial statements, Government Auditing Standards report, and management letter

Final determination of major programs for A-133 Audit

Audit timelines – other reports

Other Reports

State AUP (enrollment) report

- Target issue date 12/15/2013
- Due 12/31/2015

Single (A-133) Audit

- Target issue date 1/31/2014
- Due 3/31/2014

DCED Reports (if applicable)

- Due 120 days after grant end date

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)

3 Recent Publications



cutting through complexity™

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cutting through complexity

KPMG's Audit Committee Institute

Governance Challenges and Priorities Driving the 2013 Agenda

*Insights from the 9th Annual Audit
Committee Issues Conference*

KPMG.com/ACI

Governance Challenges & Priorities Driving the 2013 Agenda

Signs of sustained economic growth. Ongoing fiscal crises in the U.S. and the euro zone. Supply chains, strategic opportunities, and social media tightening global interconnections. Cyber terrorism and the speed of technology change. A shifting regulatory landscape and stepped-up enforcement. All of this—and more—will put even the best of audit committees and boards to the test in 2013 as they help their companies navigate the challenges and cross-currents ahead. Risk, strategy, and compliance will continue to be front-and-center, with a sharp focus on information quality, corporate culture, risk oversight processes, and the board's own expertise.



"The pace of technology change and the complexities of doing business in a global environment continue to raise the stakes on risk management and oversight," said Dennis T. Whalen, Partner in Charge & Executive Director of KPMG's Audit Committee Institute (ACI), which hosted KPMG's 9th Annual Audit Committee Issues conference with cosponsors the National Association of Corporate Directors and Weil, Gotshal & Manges LLP. "It's clear from the conference dialogue that now is a pivotal time for boards to take a hard look at how they allocate risk oversight responsibilities, to make sure everything is covered and appropriately balanced among committees."

In the following pages, we highlight key challenges and practices shaping audit committee and board agendas in 2013, as discussed with more than 140 audit committee members, directors, and governance professionals attending the Miami conference.

Ensuring Financial Reporting Integrity and Reinforcing Audit Quality

In light of continued economic volatility and uncertainty, audit committees will need to stay vigilant in their oversight of financial reporting and disclosures. Key areas of continued focus: fair value estimates and impairments, understanding management's assumptions underlying critical accounting estimates, and ensuring that all financial communications—including earnings releases and analyst calls—are consistent with what is being said in quarterly and annual filings. Earnings quality also remains front-and-center, particularly in light of cost-reductions and pressures to grow the business and meet targets (e.g., analyst estimates and budget targets).

"Remember, financial reporting quality starts with management," noted one director, emphasizing the importance

of ensuring that the company's financial team has sufficient resources, skills, and bench strength. "This is not an area to cut corners or pinch pennies."

Notwithstanding stalled efforts to adopt IFRS in the U.S., audit committees should be monitoring various ongoing FASB convergence projects that could have a significant impact on accounting decisions and resources, including projects on revenue recognition, lease accounting, and financial instruments.

While nearly all audit committee members responding to ACI's Global Audit Committee Survey¹ expressed confidence in the accuracy, independence, and objectivity of the audit, conference dialogue stressed that audit quality and "avoiding surprises" hinges on open, ongoing, informal communications

¹ See KPMG's Global Audit Committee Survey, January 2013

Audit Quality

How satisfied are you with the quality of the external audit – i.e., that the audit is accurate, independent, objective, and adequately addresses the company's key financial reporting risks?



Source: KPMG's Global Audit Committee Survey, released January 2013

between the audit committee and auditor. "We go well beyond the required communications," noted an audit committee chair. "I spend a lot of time with the external auditor, as well as the CFO, internal auditor, and even the tax director to understand the story behind the numbers, and whether everyone has the resources they need to do the job. Executive sessions with all of these folks—and particularly the external auditor—are invaluable for surfacing issues."

Directors in attendance also echoed sentiment expressed in ACI's global survey that evaluations of the external auditor, while "effective," are often ad hoc and could be more formal and robust.

Among the considerations highlighted by panelists:

- Set the tone and clear expectations for the external auditor through frequent, quality communications and a rigorous performance assessment.
- "Improve the audit by strengthening the audit committee" – e.g., enhancing the audit committee's expertise and improving the committee's oversight practices.
- Test management's skepticism about its own information. "If management is 100 percent confident in its information, 100 percent of the time, that's probably a red flag."

Focusing on Risk Management and Improving Information Quality

Are the issues that "keep management up at night" being raised with the board in a timely manner? More than half of those surveyed at the conference ranked this as a key opportunity to improve the quality and flow of information to the audit committee and/or the board. The volume and prioritization of information is also a concern: "Management needs to be able to present the most pertinent issues succinctly, on two or three pages, not fifty."

While businesses and boards have sharpened their focus on risk management in recent years, nearly half of the respondents to ACI's global survey said their company's risk management program still "requires substantial work."

Even a robust risk management program "needs to have the right risk culture behind it," said one director. "Does the organization encourage its people to raise red flags? Do the audit committee and board actively seek out different and dissenting views, and recognize when over-reliance on management's information—asymmetric information risk—is too high?"

Directors should "find the best people in organization" to provide context on emerging risks, including looking beyond the senior management to employees on the front lines and away from headquarters.

Several directors in attendance cautioned about being lulled by the "routine and mechanical process of a risk management program" and losing site of the forest for the trees. "Keep your eye on the ball. What could take the business down? What are the greatest risks to the brand?"

To strengthen risk management and information quality, panelists also suggested:

- Working closely with management to define the critical information the audit committee needs to carry out its responsibilities.
- "Mapping the risks of the enterprise to board structure and composition."
- "Ensuring that legal and PR have a clear understanding of the crisis management process."
- Understanding how (and whether) management is using technology, data analytics, and social media to identify emerging risks and opportunities.

Better Leveraging Internal Audit

Internal audit is an increasingly important resource for the audit committee, particularly as cyber security, operational, strategic, and other risks become more acute. That said, more than half of audit committee members surveyed recently said internal audit could deliver greater value to the company. "Clearly, it's time to raise internal audit's game."



Risk Management Programs

What is the status of your company's risk management program?

Robust, mature system in place

37%

System implemented, but requires substantial work

45%

System in planning/development stage

14%

No active/formal effort to implement risk management system

4%

Source: KPMG's Global Audit Committee Survey, released January 2013



As highlighted by the conference dialogue, internal audit can be most effective when focused on the critical risks to the business, including operational risks and related controls. Among the keys to fully leveraging internal audit:

- Challenging internal audit to take the lead in coordinating with other governance, risk, and compliance functions within the organization to limit duplication in coverage and, more importantly, to prevent gaps
- Maintaining a direct, open line of communication between internal audit and the audit committee
- Ensuring that internal audit has the resources, skills, and stature within the organization to succeed

Strengthening the Board's Global Lens

From strategic growth opportunities and supply chain risks, to managing an extended global organization and ensuring regulatory compliance in far corners of the world, the challenges of globalization increasingly call for international perspective on the board.

As emphasized by panel members, critical areas of focus for boards with international operations include talent management and succession planning, the risks posed by the complexities of global operations, and maintaining a "non-negotiable set of global values while at the same time valuing the local culture." "Boards need to have greater global awareness—and preferably on-the-ground experience and expertise," noted one participant. Indeed, the board can play a vital role in assessing the company's international strategy and activities by:

- Taking time to visit foreign facilities. "Nothing beats traveling, meeting the people, seeing the operations, getting a feel for the culture."
- Being clear-eyed about foreign acquisitions and market entry. "Number one: don't fall in love with the deal, and number two: have a clear exit strategy. Getting out of a country can be even harder than getting in."
- Considering the company's use of local talent and/or joint ventures to navigate the local business culture. "Finding

the right local talent is critical—but it's also one of the hardest things to do. Remember, most JVs fail."

- Probing management about the company's supply chain. "How are we vetting our suppliers? And what about our suppliers' suppliers?"

Anticipating a Robust Enforcement Environment Going Forward

The growing volume and scope of government regulations in the U.S. and globally, along with expectations of a robust enforcement environment "for the foreseeable future"—and increased focus on civil (versus criminal) prosecutions—puts a premium on ensuring a strong culture of compliance.

Public policy risk is also higher on the agenda for many boards. "We call it 'stroke-of-the-pen-risk' and it's very much on our radar," noted one participant. "An executive order or legislative action can have a huge impact—whether it's tax reform or environmental regulations."

In ACI's global survey, nearly half of respondents said the audit committee has increased its focus on the adequacy of the

company's global compliance efforts in light of stepped-up regulatory enforcement around the world. "The challenge is to get compliance right, without getting buried or distracted by it." Given this environment, conference participants highlighted the importance of:

- Meeting face-to-face with management and business unit heads to get a sense

Internal Audit's Value to the Company

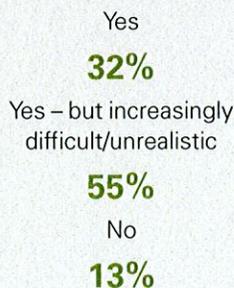
How satisfied are you that your company's internal audit function delivers the value to the company that it should?



Source: KPMG's Global Audit Committee Survey, released January 2013

Audit Committee's Expanding Workload

Are you satisfied that your audit committee has the time and expertise to oversee the major risks on its agenda in addition to carrying out the audit committee's core oversight responsibilities?



Source: KPMG's Fall Audit Committee Roundtable Series, Nov./Dec. 2012

of the compliance culture. "You have to spend time with these folks to really understand how—and whether—they are getting the job done."

- Ensuring that the organization's compliance and risk culture—"what the company does, how it does it, what it stands for"—is clearly and consistently communicated throughout the organization. "We draw a clear line in the sand, and communicate clearly and globally. Compliance and integrity are non-negotiable."
- Considering performance incentives. "How the company compensates the risk and compliance teams says a lot about the culture."

Has the Audit Committee's Workload Reached a Tipping Point?

Given the array of risks that oftentimes find their way onto the audit committee's plate today, is it reasonable to assume that the audit committee has the time and skills to oversee cyber risk and IT, operational risks, compliance, or other major areas of risk in addition to its core oversight responsibilities? Has the audit committee's workload reached a tipping point?

More than half of audit committee members surveyed recently said that it

is "increasingly difficult or unrealistic" for the audit committee to effectively oversee the range of risks currently on its plate.²

Indeed, whether audit committees have room on their plate for additional oversight responsibilities will depend on the company's size and complexity, whether it operates outside the U.S., and the scope of the audit committee's current responsibilities. Yet, all boards should be taking a hard look at how risk oversight responsibilities are allocated to make sure everything is covered and appropriately balanced among committees. "An overloaded audit committee is an under-performing audit committee."

More broadly, is the board recalibrating its oversight in light of digitization, globalization, and the new legal/regulatory environment? Does the board have the right composition? Have governance and oversight processes changed—and advanced—as the business environment has become more complex? Would an additional committee—a risk, technology, or compliance committee—strengthen the board's oversight?

² KPMG's Fall 2012 Audit Committee Roundtable Series



2013 Conference Speakers & Panelists

Leo Abruzzese

Global Forecasting Director
Economist Intelligence Unit

Joan Amble

Director
Sirius XM, Brown-Forman,
Booz Allen Hamilton

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Alan Simpson

Co-Chair, National Commission on
Fiscal Responsibility & Reform
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Lawrence Smith

Member
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Chairman and CEO
KPMG LLP

Steven West

Director
Cisco, Autodesk

Dennis T. Whalen

Partner in Charge &
Executive Director
KPMG's Audit Committee Institute

About the Conference

Now in its ninth year, KPMG's Conference brings together audit committee members and other directors 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 and Weil, Gotshal & Manges LLP. To learn more, visit KPMG.com/ACI or contact KPMG's ACI at 1-877-KPMG-ACI (576-4224).

Conference Sponsors



KPMG's Audit Committee Institute

ACI provides audit committee and board members with practical insights, resources, and peer-exchange opportunities focused on strengthening oversight of financial reporting and audit quality, and the array of challenges facing boards and businesses today – from risk management and emerging technologies to strategy and global compliance. Learn more about ACI's Audit Committee Roundtable Series, Annual Issues Conference, Quarterly Audit Committee Webcast, and other educational resources for directors at www.KPMG.com/ACI.



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Audit Committee Considerations in 2013 for Higher Education and Other Not-for-Profit Organizations



In 2013, audit committee agendas will be shaped by institutional risk, including continued economic uncertainty, technology change, and compliance in a changing regulatory landscape. Focused, yet flexible agendas – as well as exercising judgment about what belongs and does not belong on the committee’s agenda, and knowing when to take deeper dives – will be critical. To help audit committees in higher education and other not-for-profit areas meet the governance challenges of the coming year (recognizing that priorities will vary by organization) we offer the following thoughts for 2013:

- **Stay focused on job #1: Financial reporting and internal controls.** While oversight of institutional risk management will require the attention of every audit committee, the core responsibilities with respect to financial reporting and internal controls must remain in focus. Monitor fair value estimates and management’s assumptions underlying critical accounting estimates. Consider how financial disclosures (which may include management’s discussion and analysis) can be improved, not just increased, to tell the organization’s story. Recognizing that financial reporting quality starts with the CFO and finance organization, maintain a sharp focus on management’s financial reporting processes, and make sure they have the resources (systems and people) to succeed.
- **Monitor the impact of the industry and regulatory environment on the organization’s compliance programs.** With emerging technologies and strategic growth opportunities tightening the interconnection of institutions, programs, and people, organizations are more vulnerable than ever to potential fraud and misconduct. These vulnerabilities, coupled with the complex global regulatory environment, will require continued attention to compliance risks. Ensure that the organization’s regulatory compliance and monitoring programs have the right priorities and focus to succeed. Also consider the continued scrutiny of conflicts of interest and the monitoring and oversight of related-party transactions.
- **Make sure internal audit is properly focused and fully utilized.** Consider the evolution of internal audit’s role—and focus internal audit resources on key institutional risks. Evaluate the adequacy of the organization’s risk management *processes* generally. Internal audit can be most effective when it is focused on critical operational/strategic risks and related controls—not just compliance and financial reporting risks. What’s changed in the operating environment? What are the risks posed by the extended organization—resource deployment, outsourcing, emerging IT, and international activities? Set clear expectations and make sure internal audit has the necessary resources, skills, and expertise. Challenge internal audit to take the lead in coordinating with governance, risk, and compliance functions within the organization to limit duplication in coverage and, more importantly, to prevent gaps. As internal audit moves to a higher value add model, it should become an increasingly valuable resource—a trusted advisor and consultant—for the organization and its audit committee.

Broader Governance Matters

Beyond the above “core” areas of oversight, we believe audit committees can play an important role in supporting the board (and coordinating with other board committees) on the following governance matters:

- **Consider whether the board has the right composition and committee structure to provide effective risk oversight.** In addition to their oversight responsibility for financial reporting risk, many audit committees have oversight responsibility for the organization’s enterprise risk management (ERM) process. Over the years (by design or default), many audit committees have also assumed responsibility for other major risks—such as risks posed by international operations, cyber security and IT risks, and other operational risks. Given the substantial time commitment required by its core oversight responsibilities, does the audit committee have the time and expertise to oversee so many critical risks “beyond the core”? Is there a need for another committee (e.g., risk, technology, compliance)? Are governance risk responsibilities clear? Board and audit committee effectiveness and accountability hinge on honest self reflection, meaningful board assessments, continuing trustee/director education, and adequate orientation for new members.
- **Understand how technology is transforming the organization and its stakeholders—and impacting the business model and board oversight.** The staggering pace of technology change and the accelerating threat of data loss have pushed IT risk steadily higher on audit committee agendas. At the same time, audit committees

and boards have expanded their focus beyond “defensive” IT risks—such as data privacy and security, social media/ brand reputation, and protection of intellectual capital—to consider the transformational impact of game changing technologies such as on line education, the cloud, social media, mobile, and “big data.” Is management making the most of new technologies? For higher education, what is the impact of online course offerings? Absent a technology committee of the board, what is the role of the audit committee in helping to ensure that management understands the opportunities and risks posed by emerging technologies? What expertise/resources does the audit committee require to oversee the organization’s efforts to manage the many risks posed by these technologies?

- **Set the tone and closely monitor leadership’s commitment to that tone, as well as the culture throughout the organization globally.** The year ahead will be one of tremendous pressure and change. In this environment, it is more important than ever to be acutely sensitive to the tone from (and example set by) leadership, and to reinforce the culture of the organization, i.e., *what* the organization does, *how* it does it, and the culture of compliance, including a commitment to integrity throughout the organization. Is the audit committee hearing views from those below senior management and outside? Are there dissenting views? Recognize when asymmetric risk – the over reliance on senior management’s information and perspective – is too high. Does the information provided by management, internal audit, and external auditors tell a consistent story? The tone and culture throughout the extended organization are critical.

Contact us

KPMG’s Higher Education & Not-for-Profit Practice

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ATTACHMENT B

2013-2014 INTERNAL AUDIT PLAN

Community College of Philadelphia
Internal Audit Plan - July 1, 2013 to June 30, 2014

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	# of Days Allocated	% of Total
Financial Audits				
Bursar Billing Procedures	H	New billing procedures	15	7%
P-Card Purchasing	L	Determine compliance with policies and procedures	10	5%
Expense Reports	L	Determine compliance with policies and procedures	10	5%
Colonial One Card	H	Determine controls over new card program	15	7%
Operational Audits				
New Employee Process	L	Validate controls over processes	10	5%
Part-Time Faculty Medical Benefits	L	Determine controls and accuracy of only benefit funded entirely by staff	10	5%
Payroll	L	Largest college expense	15	7%
Financial Aid	H	Determine compliance with policies, procedures and regulations	20	9%
Pell Grants - Appeal Process for Academic Progress	M	Determine compliance with requirements	10	5%
Center on Disability	L	Determine compliance with requirements	15	7%
Dental Benefits	L	Determine eligibility of participants	10	5%
FMLA	L	Compliance with Family Medical Leave Act	5	2%
Title IX	M	Determine controls/ procedures in place to address / prevent discrimination based on gender	10	5%
Site Visits - GED, ESL	L	Ensure risks are controlled / minimized in remote locations	2	1%

Community College of Philadelphia
Internal Audit Plan - July 1, 2013 to June 30, 2014

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	# of Days Allocated	% of Total
Construction Projects				
BMW Project	H	Remainder of campus expansion project	10	5%
Chemistry Labs	H	New project in 2013	10	5%
Compliance				
TACCCT Grant	H	Financial responsibility for grant admin through 9/14	10	5%
10,000 Small Businesses	H	New multi-year grant starting in 2013	10	5%
IT Audits				
Mobile Device Inventory	L	Assist management with inventory procedures - perform follow up audit	5	2%
Physical Security	L	Determine adequacy of controls	5	2%
Administrative				
Follow Up on Prior Issues			5	2%
Committee Meetings (Grants, DRP, EMRT, external audits/reviews)			5	2%
Professional Development			5	2%
			222	100%