1. **Call to order**
Chair Duffy called the meeting to order at 2:03 p.m.

Finance committee members present: Mr. Duffy, Chair, Ms. Holmes, and Ms. McCreary

Trustees present: Mr. Duffy, Mr. Meyer, Ms. McCreary, Ms. Rakow, Ms. Holmes, Dr. Redmer and Student Trustee Mr. Jones. Dr. Ollayos arrived at 2:08 pm.

ECC staff and others present: Dr. Sam, President, Ms. Konny, Ms. Heinrich, Ms. Scholl, Ms. Wons, Ms. Cook, Ms. Wagner, Dr. Hu, Ms. Schopen, Ms. Folden, Dr. Roeger, Ms. Amenta, Ms. Proctor, Ms. Tait, Mr. McCoy, Ms. Larkin, and Ms. Miller

Sikich LLP: Mr. Lantz, Mr. Lyon, Mr. Krouse.

2. **Approval of May Minutes**
Chair Duffy called for motion to approve the May 8, 2017 minutes.

*Motion:* Trustee McCreary moved to approve the May 8, 2017 minutes.

*Second:* Trustee Holmes seconded

3. **Comprehensive Annual Financial Report (Audit Presentation)**
Mr. Lantz of Sikich, LLP presented the Comprehensive Annual Financial Report. He congratulated Elgin Community College for preparing such a complete and detailed document which goes well beyond the minimum requirements of generally accepted accounting principles. He stated that Sikich, LLP goes through a seven month auditing process which culminates with his report to the finance committee. He thanked the finance committee and the entire Board of Trustees for participating in the audit process. This past year Sikich, LLP received suggestions from the Board as to where they would like additional attention focused. They are pleased to report they expanded their audit based on the response received and took a closer look at off-boarding and leave changes. They found full compliance with all procedures with one minor exception, which was an isolated instance.

Mr. Krouse of Sikich, LLP presented the Single Audit Report. He reported this audit resulted in a clean opinion with no findings attached. All past findings appear to be resolved and were not repeated.

Mr. Lyon of Sikich, LLP presented the Auditor’s Communication to the Board of Trustees. He was pleased to report they found only one adjusting journal entry that needed correction, and there were no financial misstatements. The one deficiency found
was an administrative policy which needed updating in regards to the payout of unused vacation leave at the time of separation. The college had amended this practice, but the administrative procedure had not been updated. As of this meeting, the administrative procedure has been updated and is posted on the college’s intranet. One additional deficiency is the Whistleblower and Ethics Policy in regards to allowing employees full confidentiality when reporting incidents, and this is something the college should review.

Ms. Scholl provided a brief explanation of the surplus of funds. The institution was focused on reducing our expenditures. In 2016, she worked with budget officers to determine ways to accomplish this goal. In 2017, she carried forward these same budget reducing endeavors. In conjunction with these endeavors, the following occurred which created the current surplus of funds:

- Our apportionment funding this year was $3.4m in excess of what was budgeted.
- We received Career and Technical Education (CTE) funding of $800,000 which was not budgeted.
- We received additional state funding on July 6th without receiving any advanced notification.
- Our investment income came in a little higher than budgeted.
- Although we had a 5.7% decline in credit hours, the budgeted amount for adjunct faculty also came in at less than anticipated.
- Lastly, the college adopted a hiring freeze.

4. Internal Audit Reports

Ms. Folden provided a review of the two internal audit reports that were distributed. The first is the Intensive English Program, which includes management’s response.

Condition 1 – the memorandum of understanding agreement between the college and the Beijing Youth Politics College did not specify tuition costs and which party is responsible. This has been corrected as of February 24, 2017.

Condition 2 – memorandum of understanding agreements with foreign countries and Elgin Community College regarding our foreign students will come to the Board of Trustees for approval.

Condition 3 – 57% of the students enrolled in the Intensive English Program were registered subsequent to the course start date. This was changed. The Intensive English Department has worked very hard to outline a new registration process that will begin with the fall 2017 registration. The process ensures payment will be made prior to start of each module.

Condition 4 – the instructor payment amount varied due to the classification of non-credit class. The corrective action plan is to implement a standard compensation methodology which is going to be evaluated and then adopted.
MINUTES OF FINANCE COMMITTEE MEETING OF
OCTOBER 9, 2017

Condition 5 – the program is undertaking a review to streamline processes to make sure it leads to college-readiness.

The second Internal Audit Report concerned Paid Time-Off with management’s response. Ms. Folden explained this group has taken a very serious approach to this audit and has worked hard to address each concern and applied a lot of time and effort to each response.
Condition 1 – a full-time support staff employee switched positions. Due to a paperwork issue the change of accrual rate was not updated in the system; this resulted in 77.3 hours of accrued vacation owed to the employee. The employee was notified of the audit and the additional time was added to their available vacation payout. Payroll and HR have worked hand in hand to ensure additional control procedures are in place.
Condition 2 – there were two part-time support staff employees; one of whom received pay for Thanksgiving and winter break, and the other employee was compensated for holiday pay related to Fridays off during the summer. It was determined this was an exception at the discretion of the previous Chief Human Resources Officer (CHRO). In the future, with the new CHRO, the procedure will be documented and a second approval required.

5. Lab Fees and Course Fees for Fiscal Year 2019
This will be brought to the Board in November, however it was brought to the finance committee to provide an opportunity for review. Trustee Meyer inquired about the increase in fees for art classes and requested additional data regarding the increase. Chair Duffy asked if anyone else had questions, stating they have a month to review the document and request information.

6. Service Fee for Fiscal Year 2018
Ms. Konny explained we would like to reduce the internet fee from $20 to $10 per credit hour. Mr. Meyer asked if there is a rationale for keeping any of the internet fees. Ms. Konny replied that service fees cover the cost of course development fees. Also this fee is used to cover the cost of software needed for classes. Dr. Sam suggested an informational workshop to provide additional information to the Board on fee distribution; then in January or March changes made for next summer.
7. **Proposed Property Tax Levy – Tax Year 2017**
   Ms. Scholl explained that each October she provides a draft of our tax levy for review and questions to prepare for the December approval. She reminded the committee that our tax levy request is not what we actually receive in our tax extension. We can receive an increase of the lesser of 5% or the Consumer Price Index (CPI). The CPI for 2017 is 2.1%, the draft levy includes a 2.1% increase over the request from last year. A discussion ensued with Mr. Meyer inquiring if there is a possibility of an abatement of a portion of the levy to the taxpayers. It was decided to further discuss options at the next board meeting.

8. **Audience Wishing to Address the Committee**
   There were no audience members wishing to address the Finance Committee.

9. **Open**
   No additional items of discussion were brought to the Finance Committee.

10. **Adjournment**
    Chair Duffy closed the meeting at 3:40 pm.