

## Monitoring Reports March 2003

### *POLICY TYPE: EXECUTIVE LIMITATIONS*

#### **POLICY TITLE: GENERAL EXECUTIVE CONSTRAINTS**

The President shall act at all times in an exemplary manner consistent with the responsibilities and expectations vested in that office. The President shall act in a manner consistent with Board policies and consistent with those practices, activities, decisions, and organizational circumstances, which are legal, prudent, and ethical.

Accordingly, the President may not:

#### **General Executive Constraint #5**

Permit conflict of interest in awarding purchases or other contracts or hiring of employees.

**Response:** To my knowledge, no conflict of interest regarding purchases, contracts, or hiring has occurred. I believe institutionally, we continue to demonstrate that our purchasing processes provide fairness, preference to local business whenever possible, and encourage competition so the taxpayers receive the most for their money. Additionally, we continue to use personnel screening and selection processes that encourage qualified and quality applicants and fairness in appointments. As it relates to this last item, we maintain processes that allow us to expeditiously make appointments when it is thought to be in the best interest of the College.

#### **General Executive Constraint #9**

Allow assets to be unprotected, inadequately maintained, or unnecessarily risked.

**Response:** To my knowledge, all assets are protected and with no or minimal risk. The only possible exception, of which the Board is already aware, has been created by the state's budget crisis. That exception is -- in meeting our projected 2002-2003 budget's expenditure plan we have had to make the difficult decision to recommend no increases in the budget in salaries as well as delay significant capital expenditures. These two areas are significant assets and while not assets in the traditional sense are none-the-less assets that need to be maintained.

On both fronts we will monitor the reactions to the budget shortfall and bring to the Board's attention anything that might place these assets in further jeopardy.

## ***POLICY TYPE: EXECUTIVE LIMITATIONS***

<b>POLICY TITLE: FINANCIAL CONDITIONS</b>
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The President shall administer the Board approved budget without material deviation from Board priorities in ENDS policies, and shall protect the College from financial risk.

Accordingly, the President may not:

### **Financial Condition #3**

Make any purchase: (a) without prudent protection against conflict of interest; (b) over \$10,000 without Board approval; (c) over \$10,000 without seeking at least three competitive quotes or sealed bids, submitted on prepared specifications. No purchase shall be made except on the basis of quality, cost, and service. Consideration shall be given to local vendors who can provide like quality products and services, and who meet bid specifications.

**Response:** Following review of this constraint with the Dean of Business Services, I feel confident that the College is in compliance with the policy. We remain sensitive and judicious in balancing the need to support the local economy with making wise purchases as we stretch limited tax dollars.

### **Financial Condition #4**

It is material deviation to: Accept gifts or grants which obligate the College to make future expenditures of funds or human resources other than those created by the gift or grant without Board approval.

**Response:** Grants are routinely reviewed to ensure they support institutional mission and direction. They are consistently brought to the Board for approval prior to submission, if the grant requires resources that exceed the spending limitations provided to the President through Policy Governance. Additionally, should the College be successful in receiving the grant award, this notification is also brought to the Board for acceptance.

To date, no gifts have been received that obligate the College to make future expenditures – should this occur, the gifts would also be brought to the Board for action.

### **Financial Condition #5**

It is material deviation to: Accept gifts or grants, which are not in the best interest of the College.

**Response:** As outlined previously, prior to application, grants are reviewed to ensure they are in support of the College's mission and will further the institution's ability to meet its strategic goals.

**Financial Condition #6**

Fail to maintain adequate reserves which allows the College cash reserve to drop below 8% of its annual budget, working toward a goal of 16%.

**Response:** The Board has been apprised that progress toward this goal was made over the course of the past year. The cash reserve is above the 8% floor and we believe that this past year's budget has, for the second or third year in a row, helped us realize growth in the reserves. The reserves may in fact be of significant help as we face the fallout of the state's revenue crisis and build the budget for the 2003-2004 fiscal year.

**Financial Condition #8**

Fail to provide a monthly report of the College's current financial condition.

**Response:** Each month, as part of the Board's agenda, "Claims" and "Financial Reports" are presented for the Board's review and action. The reports accurately reflect the fiscal condition of the institution. Further, information regarding the Foundation's fiscal condition is provided to the Trustees from the Foundation Office each month. The clarifying questions asked by the Board are appreciated, as they help us to more fully discharge our accountability to the public.