Joel D. Montero

November 29, 2011

Todd Finnell, Vice President for Information Technology
Imperial Community College District
380 E. Aten Road
Imperial, CA 92251

Dear Vice President Finnell:

In May 2011, the Imperial Community College District entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) for a review of technology, payroll, and position control functions of the district. Specifically, the agreement stated that FCMAT would perform the following:

1) Review the College's support structure for delivery of technology support services and develop recommendations regarding an appropriate technology organizational structure to support the college.

    Specifically, this scope point will address the following:

    a. Analyze requisite skill sets and job descriptions for the current departmental staff to determine if they are capable of meeting technology goals and support requirements;

    b. Analyze organizational ratios (such as staff-to-device) against generally accepted inds-11(rt)-22yd(s-11((a)-11(n)25(d-)1(a))10ri)22deo13(s)-27(;)TJETEMC /Span Á

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processing versus having payroll processed by the county office of education.

3) Review the procedures, system capabilities and operational efficiencies associated with implementing the position control component of Banner.

Specifically, this scope point will address the following:

a. Analyze and document organizational structure to support implementation of Position Control;

b. Review internal control structure to support position control;

c. Identify opportunities to migrate off-line (not on Banner) tasks and data (i.e. externally maintained databases and spreadsheets) onto Banner.

4) Assist the College in developing procedures to ensure data confidentiality starting with data input and ending with data reporting, assessment, and decision-making.

Specifically, this scope will include:

a. Analyze current policies and practices related to use of confidential data;

b. Analyze the use of confidential information, including SSNs, in Banner and related enterprise systems, and make recommendations for improvement.

This report provides FCMAT's findings and recommendations. We appreciate the opportunity to serve the Imperial Community College District and extend our thanks to all the staff for their assistance during fieldwork.

Sincerely,

Joel D. Montero
Chief Executive Officer

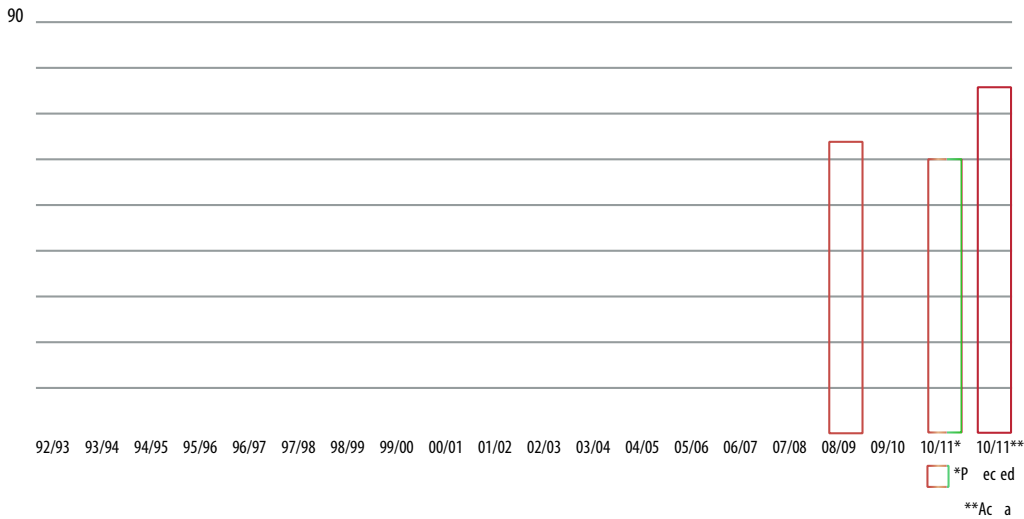# A▬ ; FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

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In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 850 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

The Imperial Community College is located on a 160-acre site in the city of Imperial and enrolls approximately 7,000 students per year. The college has extended campuses in El Centro, Brawley and Calexico.

The Imperial Community College District is implementing technology projects that will have far-reaching effects throughout the organization and provide significant opportunities to make procedural, operational, and technical changes in the way the college functions to meet emerging academic challenges.

In May 2011, the district entered into a study agreement with the Fiscal Crisis and Management

    d.   Analyze advantages and disadvantages associated with performing payroll processing versus having payroll processed by the county office of education.

   3)   Review the procedures, system capabilities and operational efficiencies associated with implementing the position control component of Banner.

    Specifically, this scope point will address the following:

    a.   Analyze and document organizational structure to support implementation of Position Control;

    b.   Review internal control structure to support position control;

    c.   Identify opportunities to migrate off-line (not on Banner) tasks and data (i.e. externally maintained databases and spreadsheets) onto Banner.

   4)   Assist the College in developing procedures to ensure data confidentiality starting with data input and ending with data reporting, assessment, and decision-making.

    Specifically, this scope will include:

    a.   Analyze current policies and practices related to use of confidential data;

    b.   Analyze the use of confidential information, including SSNs, in Banner and related enterprise systems, and make recommendations for improvement.

The study team was composed of the following members:

Andrew Prestage	Sean James*
FCMAT Management Analyst	Vice Chancellor, Operations Management
Bakersfield, CA	Bakersfield College
	Bakersfield, CA
Anthony L. Bridges, CFE	
FCMAT Deputy Executive Officer	Kathy Blackwood*
Atascadero, CA	Chief Financial Officer
	San Mateo County Community College District
Debi Deal, CFE	San Mateo, CA
FCMAT Fiscal Intervention Specialist	
Los Angeles, CA	Eric Raznick*
	Director of Information Technology
Leonel Martínez	San Mateo County Community College District
FCMAT Public Information Specialist	San Mateo, CA
Bakersfield, CA	

*As members of this study team, these consultants were not representing their respective

4. Assign all payroll staff members to report to a single administrator in the HR Division.

5. Ensure there is appropriate separation of duties between HR and payroll staff member functions.

6. Implement internal control procedures to ensure proper segregation of duties between staff members of the Business and Human Resources departments.

7. Ensure that employees of the HR and business offices follow a business process reengineering (BPR) approach to develop workflows and define the specific steps of position control management.

Miscellaneous

Information Assurance

During interviews, staff members commented that employees commonly send e-mails with attachments containing confidential employee information in the form of spreadsheets, databases, and other formats. Staff members also indicated that their user privileges are not modified as they move from one position to another. Technology support staff members have broad access to information assets, but have never signed an information confidentiality agreement. The following recommendations will strengthen the college's information assurance and data privacy efforts.

The district should:

1. Develop policies on the access and transmission of confidential data. Spreadsheets and databases containing confidential employee data should not be transmitted to other employees as attachments to e-mail messages.

2. Ensure that user privileges are removed or modified as employees move from one position to another.

3. Create a sign-out form that provides information to IT staff members when employees separate from the college. The sign-out form should provide position information that allows IT staff to delete obsolete user accounts.

4. Ensure that all technology support staff members who have access to personal and/or confidential data sign an information confidentiality agreement governing information privacy.

5. Assign responsibility for completing the installation and configuration of the operational data store (ODS) to one of the two senior systems analysts. In addition, the senior systems analysts should create reports and train users on the Argos reporting tool.

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The Imperial Community College District (ICCD) Information Technology Division supports four areas of technology: technical services, application services, enterprise systems, and Web development. Composed of 17 positions, the information technology organizational structure is depicted below.
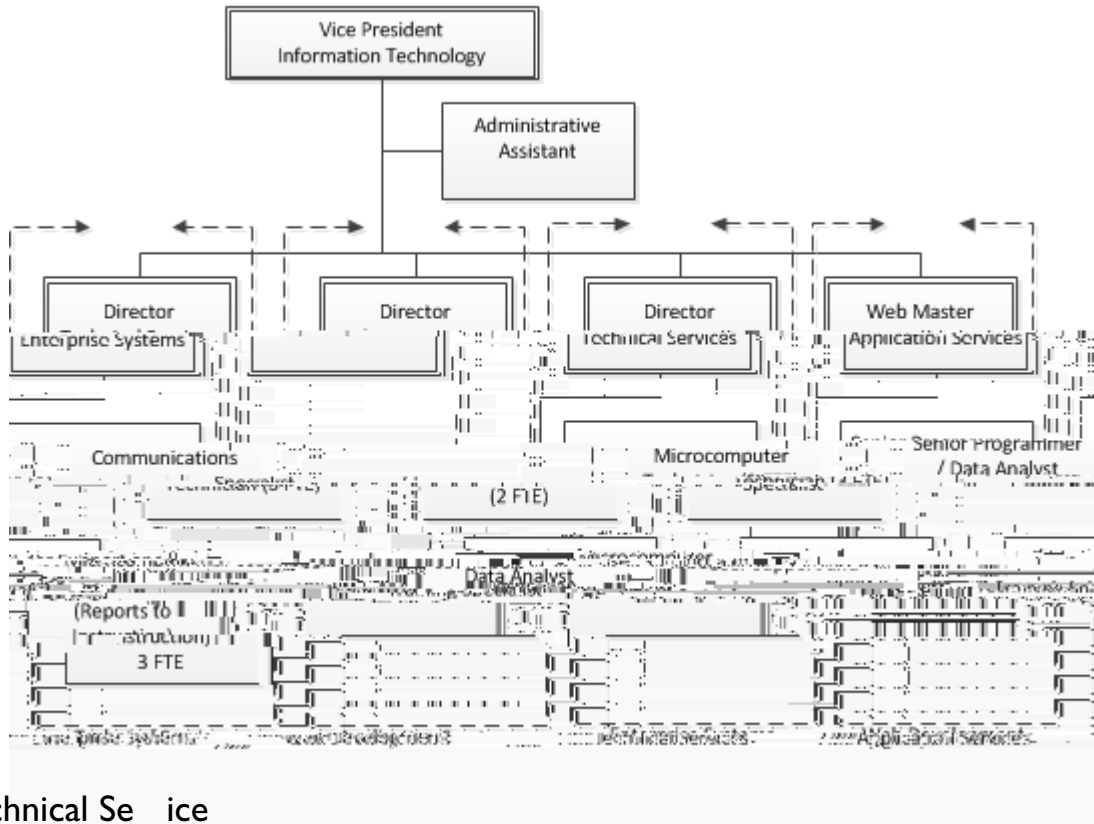
Technical Se   ice

Three microcomputer technician staff members report st

easily identify areas where improvements are needed. Help desk requests frequently do not

7. Use enterprise applications to manage computer systems and implement group policies to ensure they are effectively maintained.

8. Reclassify the senior programmer/data analyst positions as senior systems analysts to more accurately reflect the duties and functions performed by these positions.

9. Reclassify the existing data analyst as systems analyst, and assign the position to maintain and support the HR and payroll applications.

10. Create two additional systems analyst positions, bringing the total number of systems analysts to three. The two additional systems analysts should report to the director of application services and be assigned to provide functional and implementation support for the Banner HR, position control, and payroll users. In addition, the new systems analysts will free the senior systems analysts to improve support for other technology objectives.

Banne Financial and Pa oll

Developed by SunGard Higher Education, Banner software is a comprehensive information system that includes modules for student, financial aid, human resources, and finance. Banner is utilized by many community college districts throughout the state and more than 1,000 institutions worldwide. Reports generated from Banner finance include all the information entered directly as well as the information fed from the various subsystems.

The district implemented Banner finance in January 2004, and district staff members use the system for financial planning and budgeting, general accounting, reporting and compliance. Various subsystems were brought online in the following sequence:

Subsystem	Year
Accounts receivable	2004
Student	2005
Financial aid	2005
Human resources	2006

The Banner software required to process payroll is a functional component of the human resources module that was brought online in 2006. However, the software is not used because the district's payroll is processed by the Imperial County Office of Education. The county office has processed payroll for the Imperial Community College District, including regulatory reporting, filings, and pension reporting requirements for both the Public Employees' Retirement System (PERS) and State Teachers' Retirement System (STRS), for many years. Since payroll processing is handled by the county office, the original Banner human resources module implementation was not focused on processing payroll transactions and therefore did not include many aspects of the integrated payroll system.

Despite this, college staff members run some limited Banner payroll processes to allow financial aid subsystem tracking of work study students. In addition, human resources staff members use the Banner HR subsystem (and concomitant payroll software) to maintain basic employee records. Entry of personnel data is primarily the responsibility of Human Resources Department staff members, and the data is accessed to produce the required notice of employment form needed to conform to county office payroll processing requirements. College employees are then required to reenter the data into the county office payroll system.

The district has long considered the option of processing payroll internally; however, an information technology staff member opted to develop custom written modules to support evolving user needs instead of implementing the Banner financial system's payroll and/or position control modules. With the employee's resignation early in fiscal year 2010-11, and the hiring of a vice president for information technology, interest in processing payroll in-house increased. During fiscal year 2010-11, district administrators reintroduced this possibility to reduce duplication of effort in payroll processing, increase the overall effectiveness of Banner, improve internal controls, and automate numerous processes.

Duplication of Effort

During fieldwork, FCMAT found numerous examples of job and position data maintained in Banner, on the county office system, and externally in spreadsheets. District staff members are required to perform many duplicate tasks to keep the Banner and county office systems properly maintained. For example, they enter the same data (e.g. employee name, social security number, position, and employee type) into each system, resulting in redundancy. Maintaining two systems necessitates several auditing and reconciliation functions to ensure the systems are synchronized, and the data maintained in spreadsheets is not widely available throughout the organization for reports and decision-making. Transferring these functions to Banner would create a more structured, integrated, secure and stream-lined approach to employee compensation. In addition, the consolidated maintenance of data in Banner would make information more readily available to staff members throughout the organization so they can develop reports and make decisions. Duplicated efforts, redundant data input, and recon-ciliation functions also require significant staff time to perform.

Increasing the Effectiveness of Banner

The Banner financial system is fully integrated; however, the effectiveness of an integrated system decreases when modules such as payroll and position control are not implemented. For example, use of the payroll and position control systems would facilitate salary and benefits costs projections and direct loading of projected salary and benefits costs into the budget development module. The sharing of data between position control and payroll would also allow the system to generate pay lines. Since the district payroll is not processed by Banner but by the county office, neither system is used in the most effective manner. Specifically, it is more difficult for adminis-trators to maintain control over budgets, hiring, and placement of employees.

Improving Internal Controls

The duplication of effort and requirement to synchronize disparate systems has created a situa-tion where staff members use a variety of spreadsheet, databases, and other applications to keep track of information that could otherwise be maintained on Banner. This creates internal control issues that are difficult to resolve. In addition, ensuring appropriate segregation of duties is diffi-cult without internal control structures. Internal control includes the integrity, ethical values and competence of personnel; the philosophy and operating style of management; the way manage-ment assigns authority and responsibility and organizes and develops its people; and the attention and direction provided by the governing board and executive management.

Automating Processes

Spreadsheets, databases, and other applications require significant time for staff members to maintain. Many of these processes could be performed more efficiently using Banner, and auto-mating these functions will free personnel to perform other tasks.

Fiscal Independence and/or Fiscal Accountability

The district depends on the county office for payroll processing and reporting. Fiscal dependency does not imply that a financial benefit or burden exists. Instead, it is a legal reference designating the district as dependent on the county office for specific payroll, approval, and compliance responsibilities. Before accepting payroll processing responsibility, the district should achieve fiscal accountability or fiscal independence status so that the payroll processing and regulatory reporting responsibilities can be legally assumed. To process payroll, the district would be required to become fiscally accountable or fiscally independent according to Education Code (EC) Section 85266.5.

Fiscal independence requires approval by the board of governors, which is largely based on the recommendation of the respective county office of education. Fiscal independence provides broad authority to issue warrants (except debt service) without approval or review from the county office, and fiscal accountability is a less restrictive status subject to ongoing approval

of disparate databases creates a situation where data is not available to other users throughout the organization. This cultural mindset will need to change to capture the full benefits of the integrated system, and this will require strong acceptance of Banner by the administration and support services.

Administrative Considerations

Banner is a fully integrated system incorporating general ledger, budget development, personnel, position control, and payroll. An enterprise system such as Banner involves the entire college and therefore the launch of any new module will affect constituents beyond the Payroll and Finance departments. In the short term, strong administrative direction and clearly articulated and under-stood procedures involving shared data and resources should be agreed on as part of an overall implementation plan. In the long term, pursuit of fiscal accountability or fiscal independence and subsequent implementation of in-house processed payroll and/or position control should be approached as part of a carefully developed strategy focusing on extensive realignment of duties and responsibilities. Specifically, although many of the findings in this report appear to be related only to payroll, the underlying factors suggest broader issues that will require collegewide effort to resolve. Therefore, implementation of the payroll and/or position control applications will require the support of cabinet-level administrators since cooperation among all functional segments of the college (i.e. financial aid, student, HR, finance, payroll, and information tech-nology) will be necessary.

Payroll Production: Evaluation of In-house vs. External

The county office has historically processed payroll for the district, including all regulatory reporting, filings, and pension reporting requirements for both PERS and STRS. The reliability, timeliness, and accuracy of county office payroll production are based on decades of experience. Similarly, transfer of payroll processing to the district will require a thorough revamping of existing processes to ensure that payroll production continues to be accomplished reliably and accurately.

After payroll is processed at the county office, the college receives an electronic file with the payroll information and uploads the data into the Banner finance module. The Banner payroll module then has to be reconciled against the payroll information produced by the county office to ensure the upload worked properly and that any changes at the county office have been uploaded and reconciled to Banner. One problem is that the data in the county office electronic file is at an aggregate level and does not contain any detailed information on individual employees, imposing significant limitations on the reconciliation and analysis of data related to payroll expenditures.

The two major advantages of processing payroll internally are that detailed information would be available, and the college would be in control of the timing of all payroll processing. The availability of detailed information would allow the college to use the data for budgeting, making decisions, developing exception reports for errors, and financial reporting. In addition, control of payroll processing would allow the college to determine the timing of payrolls and to immedi-ately correct payroll errors. Additional benefits are that reconciliation of payroll between the two systems would be unnecessary, and error checking could be completed at the time of input.

The disadvantage of processing payroll internally is that it likely will cost more than using the county office during the first two years of transition. Processing internally will probably require additional technology staff to support and train users, systems analyst staff to document policies and procedures that ensure adequate internal controls, payroll staff to ensure proper audit of time

In-House Payroll Production	
<u>Advantages</u>	<u>Disadvantages</u>
x Ability to make more effective use of built-in tools and various add-in products already owned by the district to develop detailed and analytical reports;	x Would not likely result in any material expenditure reductions;
x Access to more accurate and timely data would lead to more informed decision making;	x Would likely require hiring additional staff to perform duties and functions currently performed by the ICOE;
x Data security could be strengthened by following a best-practices implementation of Banner security features;	x Would require significant administrative oversight during the transfer of payroll production responsibilities to address conflicts which may adversely affect morale;
x Improved employee access to HR and payroll information (e.g. leave balances, online W-2 and W-4 information, year-to-date earnings information, online check stubs, and open enrollment for benefits);	x Would require additional professional development and training for staff;
x Improved ability to correct payroll errors and respond to staff member inquiries in a timely manner;	x I04 Tlayj 608.1304 Tm(r)7(e)4(n)23(t)-19(l)7(y JETEMC /Span A
x Elimination of numerous reconciliation functions currently performed as a result of keeping two systems synchronized;	
x Improved budgeting and budget development processes;	
x Ability to distribute data entry responsibilities allowing for more effective use of HR and payroll staff to perform analysis and error checking functions;	
x Improved control over expenditures resulting from more accurate salary projections that reflect salary encumbrances.	

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Additionally, because certain leave information is not entered into Banner, it is not readily accessible to other employees to answer employee questions. By ensuring that the date of hire and labor distribution lines are correct in Banner, reports could be produced from Banner instead of the current practice of maintaining spreadsheets.

To eliminate duplication of effort in leave accounting, leave data should no longer be entered into spreadsheets but instead should be entered directly into Banner Web Time Entry. Initial use of the system will be for regular employees to record leave balances. This would automate the calculation of leave accruals and tracking of leave balances. Once leave data is routinely entered into Banner, the district would be able to implement the Banner self-service software. Banner self-service allows employees to independently view and print their leave balance data. Banner self-service could also be used by employees during open enrollment periods for benefit selection, viewing check stub details, completing changes to W-4s, and would help to reduce processing, printing, and postage costs.

Internal Control System

Banner Internal Payroll Processing

The college has a number of organizational structure and internal control issues related to payroll processing. The current processes have not fully segregated the required duties between human resources and payroll. Almost all functions are controlled by human resources staff members with payroll (located in fiscal services) being used primarily for data input services. This has resulted in human resources employees being responsible for processing hiring paperwork, termination paperwork, and time sheet information for the same employees. The role of each department should be more clearly defined with emphasis on internal control considerations when assigning duties.

The distribution of functions between the payroll and human resources staff members is not adequate to assume the additional responsibility of payroll processing. Lines of responsibility are unclear and job duties are not clearly defined. The distribution of duties seems more a function of personalities and not institutional priorities.

Policies and procedures designed to provide management with reasonable assurance that the college operates with proper internal controls include segregation of duties, limiting access to cash, management review and approval of reconciliations. Other types of internal controls include management tone, performance evaluations, training programs, and maintaining established policies, procedures and standards of conduct. The internal control environment also includes the integrity, ethical values and competence of personnel; the philosophy and operating style of management; the way management assigns authority and responsibility and organizes and develops its people; and the attention and direction provided by the governing board and executive management.

2. Application controls are designed for the accurate processing of data and include authorization, validity checks and exception reports.

Effective procedures should provide assurance that the internal control system is sound, prevent controls from being overridden by any employee or management, ensure federal and state compliance, identify and correct inefficient processes, and provide employees with proper internal control expectations. Every internal control system should have procedures for checks and balances, separation of duties, cross-training, asset security and timely reconciliations.

Illegal acts, misappropriation of funds or fraud can include an array of irregularities characterized by intentional deception and misrepresentation of material facts. The principal mechanism for deterring fraud or illegal practices is a system of internal controls. Effective internal control policies and procedures provide management with reasonable assurance that the college's financial operations are effective and efficient, that the financial information produced is reliable, and that the college operates in compliance with all applicable laws and regulations. The internal control structure includes policies and procedures used by college staff, accounting and information systems, the work environment, and the professionalism of employees.

Internal controls can provide only reasonable assurance, not absolute assurance, that the college

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Without detailed payroll reports, managers are less likely to notice a fictitious employee or posting errors charged to their budget accounts. The college has few controls because position control data, personnel records, and what is paid through Banner and the county office payroll system are not integrated. These internal controls consist of matching the notices of employment (which are sometimes adjusted manually) to the actual pay reports from the county office system. The payroll staff person is the only employee who performs that reconciliation and that has the assigned responsibility to compare the data. The same staff member has the responsibility of entering the data into the county system. With appropriate separation of duties, the employee who enters the data would not be responsible for performing the reconciliation.

Recommendation

The district should:

1. Ensure that clearly articulated and clear procedures for sharing data and personnel resources among divisions are communicated to all administrators and department heads.

2. Pursue fiscal independence or fiscal accountability and implementation of in-house processed payroll and/or the position control module as part of an overall strategy. This strategy incorporates the incremental realignment of the duties and responsibilities necessary to support and eventually make full use of the integrated Banner system.

3. Discuss the feasibility of becoming fiscally accountable or independent with administrators from the Imperial County Office of Education, county controller's office, and county treasurer.

4. Ensure that the broad changes necessary to fully implement the Banner system are supported by all college cabinet members. This will be essential since cooperation among all functional segments of the college (e.g., financial aid, student, HR, finance, payroll, and information technology) will be required. Senior management should also be prepared to fund complete implementation from beginning to end, including obtaining expert advice (consulting) and allocating campus resources once in production.

5. Perform the following actions if the district decides to pursue fiscal independence/fiscal accountability:

    • Identify banking relationships with the county controller's office and possibly other banks.

    • Review the capacity to direct financial investments in-house.

    • Arrange for an independent audit of the college's internal controls.

6. Emphasize to users that Banner is the college's financial system of record. Establishing this perception will assist the college to capture the full benefits of Banner.

7. Adopt the business process reengineering approach to identify improvements and changes to business processes that will lead to greater effectiveness and efficiency. A fresh start perspective should be followed to determine how existing processes can be improved.

8. Document all policies and procedures that ensure adequate internal controls in payroll processing.

9. Appoint a disbursing officer, and ensure this position has full access to legal counsel if the district opts to pursue fiscal accountability or fiscal independence.

10. Implement Banner Web Time Entry for collecting and reporting payroll hours, calculating leave accruals, tracking leave balances, and administering employee benefits. Conversion to Web Time Entry should be conducted in stages beginning with financial aid staff members.

Position Control

The most critical requirement in expenditure budgeting is accurate projection of employee salary and benefit costs. These costs are the largest component of any college budget, averaging approximately 85% - 90% of general fund expenditures. The college has not fully completed implementation of the Banner HR, payroll, budget, and position control modules that would enable this functionality. Position control information, including seniority listings and labor distribution data, is maintained using Excel spreadsheets. This data is not widely available to administrators throughout the organization. Implementation of the Banner HR and position control modules would make data widely available throughout and improve the accuracy of expenditure budgeting.

A number of payroll and position control functions are linked, but not mutually dependent. Payroll cannot be performed in-house without full use of Banner position control functionality, but position control *could* be implemented without bringing payroll processing in-house. The college has the organizational structure to implement the position control module, and some functions of the module are already used. The current business processes on hiring have appropriate internal controls; however, a variety of current business processes would have to be modified to fully use Banner as the system of record for all positions. This would require additional training for staff members to fully understand position control.

There are many opportunities to transfer offline tasks and data to Banner, including the following:

- Time sheet reporting
- Leave tracking
- Benefit tracking
- Faculty seniority tracking
- Faculty minimum qualification tracking

Staff members from the Business Services and Human Resources departments will need to work collaboratively to ensure that the remaining Banner HR and position control functions are correctly implemented. However, HR, payroll and Technology Department staff members do not work together as a team or meet regularly to discuss system issues or problems. During interviews, staff members indicated that there is a lack of trust between the departments as well as some resentment concerning assigned duties. Typical payroll functions are sometimes performed by the HR Department staff. The individuals responsible for all functions should be clearly defined. Payroll and HR staff report to different administrators, with payroll staff members reporting to the Finance Division and HR staff members reporting to the HR Division.

A Technology Department staff member will also be needed to ensure a smooth transfer to the position control application. At present, no Technology Department staff member is assigned to perform analysis work with HR or Payroll Department staff members. The previous analyst opted to use exterior programs, often custom written, to generate reports and manipulate data. The physical and functional distance between the HR, payroll, and technology analyst position makes communication and functioning as a team difficult. The district should determine how such a team will be created and function to ensure that the support and direction it provides are effective.

the governing board authorizes new positions or deletes positions in the budget. This division of labor is provided to help the college properly separate the duties required to maintain strong internal controls.

The workflow process should identify specifics down to the department and individual employee responsible throughout the approval process, and should include an estimated time line for completion of all steps.

4. Ensure that employees of the HR and business office follow a BPR approach to develop workflows and define the specific steps of position control management.

5. Improve the accuracy of position data entered into Banner to improve data reliability and integrity.

6. Discontinue using the Enlighten application to track adjunct faculty assign-ments. This data should be maintained in Banner.

7. Assign management of the complete payroll operation to one senior staff member.

Training and Technology Support

The Banner human resources module is designed to store and track personal information and work assignments for all college employees and includes a payroll function that is designed to calculate and pay all employees. These systems are complex and require a complete understanding of how they interact with each other and the student and finance modules. Information Technology, HR, and Finance department staff members lack the training necessary to use Banner to design the business processes that would allow the college to process its own payroll. A complete redesign of business processes will be necessary to implement payroll and take the steps necessary to become either fiscally accountable or fiscally independent. Many college staff members perceive that the Banner training provided when the system was launched was inadequate. Training and assistance were abruptly interrupted, and many staff members have unanswered questions regarding the new applications.

The district's Information Technology Department staff members have not received adequate training and lack the experience required to respond to all user questions on Banner applications. IT staff members' ability to respond to user support questions will require them to be informed on the use of the applications. This has created a concern among staff members that payroll production would be at risk if adequate support resources are unavailable.

For reliable payroll production to occur over time, the respective Banner servers must be properly sized and regularly maintained. Server, operating system, and application software patches should be routinely tested and applied. Adequate power and cooling should be available in the data center, and backups of data should be maintained and tested. Test Banner environments should be available for users and IT staff to test new software and processes before being moved into production.

The college will need to provide ongoing professional development, training, proper system security protocols and standard reporting functionality to meet the full implementation standards for Banner.

The college will also need to devote resources to completing the training that is lacking in Banner, and in some cases, may need to change business processes or even reimplement Banner where certain ledgers have not been maintained.

Operational Data Store

One of the information assets the college has acquired but not fully implemented is the Operational Data Store (ODS), a data warehouse designed to be used with Banner. ODS is an effective system that needs to be installed, configured and continuously maintained. The staff has the ability to install, configure, and maintain the ODS. To create reports for end users, the college's Argos reporting tool will be needed. Training in the use of ODS and Argos will be necessary to enable comprehensive reporting of Banner data.

Because payroll is processed by the county office, the college has limited access to detailed payroll data. The ODS is an Oracle database and therefore not limited to hosting Banner data. The college should work with county office administrators to explore the possibility of downloading detailed payroll data from the county-office-hosted systems to the ODS. Availability of detailed payroll data in the ODS would improve the college's access to data for budgeting, making decisions, reconciling data, and reporting.

Recommendation

The district should:

1. Develop policies on the access and transmission of confidential data. Spreadsheets and databases containing confidential employee data should not be transmitted to other employees as attachments to e-mail messages.

2. Review Banner's current security levels and configuration to ensure that data access permission, both in read-only and update mode, is adequately addressed.

3. Ensure that user privileges are removed or trimmed as employees move from one position to another. User privileges should always be associated with the current job held by the employee.

4. Create a sign-out form that provides information to IT staff members when employees separate from the college. The sign-out form should provide position information that allows IT staff to delete obsolete user accounts.

5. Ensure that all technology support staff members who have access to personal and/or confidential data sign an information confidentiality agreement governing information privacy.

6. Review the domain administrative passwords used to bind applications and processes and develop group policies to provide appropriate application security.

7. Purchase and install a network management system (NMS) to improve up time and reliability of network resources.

8. Update the acceptable usage policy (AUP) governing appropriate use of network resources and ensure that all college employees sign it annually. A copy of the AUP should be included among other standard forms that employees are required to sign annually. A single sign-off sheet could be included with all standard employee forms allowing employees to acknowledge receipt of the documents and acknowledging acceptance of the terms and conditions contained therein.

9. Conduct a training needs analysis of Information Technology, HR, and Finance department staff to determine the additional training needed. As a byproduct of this training, users should identify and define the new processes that will need to be adopted in support of payroll processing functions.

10. Assign responsibility for completing the installation and configuration of the Operational Data Store (ODS) to one of the two senior systems analysts. In addition, the senior systems analysts should assume responsibility for creating reports and training users in the use of the Argos reporting tool.

11. Work with county office administrators to explore the possibility of down-loading detailed payroll data from the county-office-hosted systems into the ODS.

12. Conduct a training needs assessment among Banner system users to determine the additional training needed help them successfully use the system. This training should start with what was being taught when introductory training was interrupted. Training opportunities and best practice recommendations should be available to users on an ongoing basis.

13. Ensure that selected Technology Department staff members receive advanced training in using and maintaining Banner. These staff members should attend all end-user trainings and meet regularly with department representatives. Specific IT staff members should be assigned as the lead on specific Banner modules and receive the responsibility of first-level user support. This will prepare technology staff members to respond to user support questions, perform year-end closing procedures, and all other required Banner support functions.

14. Ensure that application support is available from the Information Technology Department to respond to user questions.

15. Conduct an assessment of the existing Banner servers to determine whether they are sized appropriately and whether all patches and updates are properly maintained. In addition, the college should ensure that adequate power is available in the data center, and that backups are maintained and occasionally tested. A test Banner environment should be established for users and IT staff to test new software and processes before they are moved into production.

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STATE OF CALIFORNIA   DIANE WOODRUFF, CHANCELLOR (INTERIM)

CALIFORNIA COMMUNITY COLLEGES
SYSTEM OFFICE
1102 Q STREET
SACRAMENTO, CA 95814-6511
(916) 445-8752
HTTP://WWW.CCCCO.EDU

August 16, 2007   FS 07-06

TO: Chief Business Officers

FROM: Frederick E. Harris, Assistant Vice Chancellor
                  College Finance & Facilities Planning

SUBJECT: Accounting Advisory: Fiscal Independence

I.   Synopsis:

For Community College Districts seeking fiscal independence pursuant to Education Code (E.C.), Section 85266.5, the Board of Governors is required to prescribe standards for an independent survey of the applicant district's accounting controls and has final authority to approve the applicant district's application for fiscal independence. This accounting advisory provides those standards expressed in broad terms, a checklist incorporating those standards for use by the independent auditors as part of their overall assessment of the district's internal controls, and the fiscal independence application form.

II.   Background:

Under E.C., Section 85266.5, fiscal independence is granted by the Board of Governors, based largely on the recommendation from the community college district's applicable county offices and results of the independent Certified Public Accountant survey of the district's accounting controls. Fiscal independence gives districts broad authority to issue warrants without review or approval of the County Office of Education or County Auditor.

Conversely, under E.C., Section 85266, districts may currently negotiate with their COE to attain fiscal accountability status, which entitles the district to issue most of their own warrants. Fiscal accountability status is subject to ongoing approval by the county, with no involvement by the Board of Governors.

III. <u>Standards for Board of Governors Approval of District Applications for Fiscal Independence</u>

The following four standards are intended to be broad and general guidelines for evaluating a district's ability to issue warrants directly on the county treasury without review and approval of the county auditor and county superintendent of schools. Generally, scrutiny of the legality and propriety of district accounting transactions has been performed by the county superintendent of schools. Under fiscal independence, the chief financial officer and the accounting staff of the district must provide that scrutiny.

<u>Standard 1</u>: **Adequate Fund Balances -** The district has avoided deficit balances in its funds and has maintained a prudent reserve in its unrestricted general fund over the preceding five fiscal years.

<u>Standard 2</u>: **Statute and Governing Board -** The district makes only lawful and appropriate expenditures in carrying out the programs authorized by statute and by the governing board.

<u>Standard 3</u>: **Adequate Internal Controls -** The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments are adequate in numbers and skill level to administer administrative programs independent of detailed review by the county office of education and to provide an internal audit function that assures adequate internal controls.

<u>Standard 4</u>: **Legality and Propriety of Transactions -** The staff of the accounting, budgeting, contracts, management information systems, internal audits, personnel, and procurement departments exercise independent judgment to assure the legality and propriety of transactions.

Attachment A

California Community Colleges
District Application for Fiscal Independence

To:

California Community Colleges
District Application for Fiscal Independence

This questionnaire has been developed by the California Community Colleges, System Office through the consultation process. It is intended for use by the independent auditors in conjunction with the independent auditors' internal control questionnaire.

This checklist focuses on points of specific interest to the County Office of Education and the System Office in reviewing the District's application. The internal control questionnaire used by the independent auditors will focus on the district's accounting and administrative controls over the district's operations.

Yes/Met
Consistently

Attachment B

**California Community Colleges
District Application for Fiscal Independence**

Yes/Met

Imperial Valley Community College District

DRAFT POSITION DESCRIPTION

Position Title: TECHNOLOGY SUPPORT SPECIALIST
Department: Technology Services
Reports: Director, Technical Services

SUMMARY:

Responsible for providing technology assistance and support services to technology users in the district. This includes eliminating or reducing technical downtime and ensuring individual and group greatest staff productivity. Includes installing and maintaining computer systems including software and hardware; installing and level I testing of basic network infrastructure equipment including servers and associated cabling; determining causes of users computer/software/network malfunctions through evaluation and testing and resolution via modification, terminal repair, support or assistance.

ESSENTIAL DUTIES AND RESPONSIBILITIES:

- Provide technology assistance and support for all technology users in the district for network/hardware/software issues
- Assist staff members to resolve problems relating to daily or routine technology usage
- Diagnose user problems
- Determine appropriate solutions for the user
- Field questions pertaining as necessary to facilitate completion of job hardware
- Work cooperatively with other Information Technology Division staff members
- Maintain appropriate documentation of technical resources and services as provided throughout the district
- Log support calls as to origin and type and track amount of time needed to complete entire service process
- Document repeated calls by type and origin and evaluate as to the need for additional training or other systemic issues
- Assist in training district staff regarding either changes in technology or areas of concern
- Advise users of the necessary changes in operations due to new installations
- Consult and or assist manufacturer's representatives in the installation of new or malfunctioning equipment
- Utilize support management software as appropriate to assigned tasks
- Determine causes of computer/software/network malfunctions through evaluation and testing and resolve via additions, modifications, repair or external support assistance
- Resolve problems by taking appropriate actions relative to the specific problem
- Modify system parameters as necessary to resolve problems
- Document support methods and processes

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
May 9, 2011

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referred to as the Team, and Imperial Community College, hereinafter referred to as the College,
mutually agree as follows:

1.   BASIS OF AGREEMENT

The Team provides a variety of services to school districts, county offices of education,
charter schools, and community colleges upon request. The College has requested
the Team provide for the assignment of professionals to study specific aspects of the
Imperial Community College operations, based on the provisions of Education Code
VHFWLRQ 7KHVH SURIHVVLRQDOV PD\ LQFOXGH staff of the Team, County Offices of
(GXFDWLRQ WKH &DOLIRUQLD Department of Education, school districts, charter schools, or
FRPPXQLW\ FROOHJHV All work shall be performed in accordance
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2.   SCOPE OF THE WORK

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The scope and objectives of this study are to:

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3.   <u>PROJECT PERSONNEL</u>

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&   Kathy Blackwood   FCMAT Community College Consultant
'   Eric Raznick   FCMAT Community College Consultant

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4.   <u>PROJECT COSTS</u>

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5.   <u>RESPONSIBILITIES OF THE COLLEGE</u>

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DUH LQ SURJUHVV

7. <u>CONTACT PERSON</u>

Name of contact person: Todd Finnell, Vice President, Information Technology

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E-mail: <u>W R G G   I L Q Q H O O</u> O # L P S H U L D O   H G X

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Imperial Valley College

May 9, 2011