

Standard III: Resources

The institution effectively uses its human, physical, technology, and financial resources to achieve its mission and to improve academic quality and institutional effectiveness. Accredited colleges in multi-college systems may be organized so that responsibility for resources, allocation of resources, and planning rests with the district/system. In such cases, the district/system is responsible for meeting the Standards, and an evaluation of its performance is reflected in the accredited status of the institution(s).

Standard III.D.1 – Financial Resources: Planning

Standard III.D.1

Financial resources are sufficient to support and sustain student learning programs and services and improve institutional effectiveness. The distribution of resources supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. (ER 18)

The Kern Community College District (KCCD) receives state apportionment funding based primarily upon Full-Time Equivalent Student (FTES) enrollments (II.ID.1-, IID_KCCD_ExhibitC-1318_doc; III.D.1-, IID_KCCD_CCCCOApportn_web). Those funds are allocated to Bakersfield College through the adopted budget procedures according to the Budget Allocation Model (BAM) (III.D.1-, IID_KCCD_BAM_doc). The KCCD BAM takes into account 13 parameters defined in the evidence file: Revenue, Base Allocation, Base Non-Credit FTES Rates, Base Credit FTES Rate, FTES Rate Equalization, COLA, Startup Stabilization Funding, Growth/Decline, Stabilization, Strategic Initiative Funding, Reserves, Carryover, and District Office & Regulatory Allocations. We also receive funding from non-profits, grants, and Federal & State Categorical funding sources. Categorical funds are financial support from state and federal governments that are targeted for particular categories of students, special programs, or special purposes (III.D.1-, IID_FIN_CatgoricGrnts_doc).

The Bakersfield College President is responsible for creating the budget recommendation that is sent to the KCCD Chancellor for approval by the KCCD Board of Trustees as described in our responses to Standard IV.D.3 and IV.D.4. The President receives recommendations and other input from the vice-presidents, College Council, and the Program Review and Budget committees (III.D.1-, IID_CC_Home_web; III.D.1-, IID_PRC_HomeAdminUnits_web; III.D.1-, IID_BTC_Home_web). Bakersfield College follows an annually-reviewed budget development calendar to systematically plan for the upcoming year's fiscal needs (III.D.1-, IID_BTC_Timeline_doc).

Analysis and Evaluation

All instructional programs and student support and administrative service units submit their budget requests and personnel/facility/technology/equipment requests through BC's annual **program review** process (III.D.1-, IID_PRC_17ProgRevHndbk_doc). As described in detail in our responses to other standards, the requests are distributed to other committees for analysis and prioritization. Reflecting our Core Values of Integrity, Community, and Sustainability, the College President's Office explains in the annual "Closing the Loop" document how it translated the requests from program review and institutional planning documents (such as Strategic Directions, Educational Master Plan, etc.) into the allocation of resources and how that allocation enables us to **meet our mission** and supports the **development, maintenance, and enhancement of our**

programs and services (III.D.1-, IIID_BC_MisnVisnValues_web; III.D.1-, IIID_CL_1415_doc; III.D.1-, IIID_CL_1516_doc; III.D.1-, IIID_CL_1617_doc; III.D.1-, IIID_CL_1718mid_doc).

Some key financial metrics extracted from the Closing the Loop documents that show our financial resources are **sufficient to support and sustain student learning programs and services and improve institutional effectiveness** are given in the tables below. These tables provide information regarding our budgets for the past four years and our funding per FTES.

Fiscal Period	2013-14	2014-15	2015-16	2016-17	2017-18
TOTAL BUDGET (Published Adopted)	78,207,962	85,243,667	96,537,761	109,855,259	127,984,822
Total GU Budget (Published Adopted)	68,122,615	74,983,068	83,600,477	92,452,895	102,220,602
Percent Categoricals	13%	12%	13%	16%	20%

Fiscal Period	2013-14	2014-15	2015-16	2016-17	2017-18
Full Time Equivalent Students (FTES)	12,762	13,878	14,837	15,879	
Total GU001 Budget (Published Adopted)/FTES	\$5,338	\$5,403	\$5,635	\$5,822	

Our categorical programs have been able to improve institutional effectiveness by capitalizing on grants for programs such as the Extended Opportunity Programs and Services (EOPS), Student Success & Equity (SSE), and Disabled Student Programs & Services (DSPS). As described in our responses to other standards, some other examples of improvements made possible by categorical funding include enhancements to the Student Success Lab, the addition of the Writing Center and Language Lab, and improvements to our career training programs.

Baccalaureate Degree

Bakersfield College's financial resources are sufficient to support and sustain the Bachelor's of Science in Industrial Automation (BSIA) program (III.D.1-, IIID_BSIA_PlanNov2014_doc). The financial allocations illustrated in the table below ensure the financial stability of the BSIA program.

Budget (217BDP)	2015-2016	2016-2017	2017-2018
Adjusted	\$483,121	\$848,824	
YTD	\$377,395	\$554,809	
Tentative			\$447,272

The College meets Standard III.D.1.

Note that the ACCJC Criteria lists will be removed from the final report

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution has sufficient revenues to support educational improvement and innovation.*

- *The institution's finances are managed with integrity in a manner that ensures financial stability.*
- *The institution's resource allocation process provides a means for setting priorities for funding institutional improvements.*
- *Institutional resources are sufficient to ensure financial solvency.*

For institutions with a baccalaureate degree:

- *The financial resources allocated to the baccalaureate program are sufficient to support and sustain program student learning and effectiveness.*
- *Financial resources allocated to the baccalaureate program ensure the financial stability of the program.*

List of Evidence

IID_KCCD_ExhibitC-1318_doc
 IID_KCCD_CCCCOApportn_web
 IID_KCCD_BAM_doc
 IID_FIN_CatgoriclGrnts_doc
 IID_CC_Home_web
 IID_PRC_HomeAdminUnits_web
 IID_BTC_Home_web
 IID_BTC_Timeline_doc
 IID_BC_MisnVisnValues_web
 IID_CL_1415_doc
 IID_CL_1516_doc
 IID_CL_1617_doc
 IID_CL_1718mid_doc
 IID_BSIA_PlanNov2014_doc

Standard III.D.2 – Financial Resources: Planning

Standard III.D.2

The institution’s mission and goals are the foundation for financial planning, and financial planning is integrated with and supports all institutional planning. The institution has policies and procedures to ensure sound financial practices and financial stability. Appropriate financial information is disseminated throughout the institution in a timely manner.

All instructional programs and student support and administrative service units submit their budget requests and personnel/facility/technology/equipment requests through Bakersfield College’s annual **program review** process (III.D.2-, IIID_PRC_17ProgRevHndbk_doc). Justifications for all requests must be tied to one or more of our Strategic Directions (III.D.2-, IIID_FIN_1718GUI-req_doc). In responses to other standards we describe BC’s Strategic Directions creation and the annual process of updates to the initiatives under those Strategic Directions coordinated by the Accreditation & Institutional Quality (AIQ) committee, as well as, our other long-term planning including the Educational Master Plan, Facilities Master Plan, and Technology Plan (III.D.2-, IIID_AIQ_Home_web; III.D.2-, IIID_SD_Home_web; III.D.2-, IIID_BC_InstitutPlans_web).

Bakersfield College manages its financial processes (expenses and revenues; payables and receipts) in conjunction with the KCCD Business Services department in accordance with section 3A of the KCCD Board Policy Manual and other policies and procedures posted on the KCCD (III.D.2-, IIID_KCCD_BP3A_doc; III.D.2-, IIID_KCCD_BP-Contracts_web). Faculty and staff access all pertinent forms and procedures via the InsideBC portal (III.D.2-, IIID_BC_EmployeeForms_web).

Bakersfield College disseminates appropriate financial information in a timely manner throughout the College in a couple of ways: (1) granting access of finance budget queries in the Banner system to fiscal managers, so they can get the information they need when they need it (III.D.2-, IIID_FIN_BannerHowTo_doc; III.D.2-, IIID_FIN_BannrBudgQuery_doc; III.D.2-, IIID_FIN_BudOrnt27Sep17_doc); and (2) sharing key financial metrics with the entire College via the “Closing the Loop” documents at the mid-point and end of the academic year (III.D.2-, IIID_CL_1415_doc; III.D.2-, IIID_CL_1516_doc; III.D.2-, IIID_CL_1617_doc; III.D.2-, IIID_CL_1718mid_doc).

Analysis and Evaluation

The work plan that College Council creates at the beginning of the fall semester includes review of our mission and goals, including the implementation of the three-year Strategic Directions (III.D.2-, IIID_CC_WorkPlans1618_doc). Budget requests made in the fall semester during program review are tied to the Strategic Directions. In the program review process, each instructional program, student support and administrative unit evaluate how the past year’s resource allocation was sufficient or insufficient to meet the unit goals which can lead to improvements in the allocation process the next time around.

Fiscal managers receive monthly budget activity reports of what has been spent year to date in their respective budgets such as the evidence files for a faculty department chair and a dean (III.D.2-, IIID_FIN_DeptChrXmplRpt_doc, III.D.2-, IIID_FIN_DeanXmplRpt_doc). The reports provide the managers at a glance their spending trends on labor, benefits, supplies, services, capital outlay, and other outgo and what is left to spend in the year. Also, top-level decision makers receive a report each month that shows the campus wide budget status such as the August 2017 evidence file (III.D.2-, IIID_FIN_Aug17XmplRpt_doc). Fiscal managers at any level can follow up with lower-level managers about any budgetary concerns. Fiscal managers can also get current information through

the Banner Finance system. We have specific calendars for financial calendars and timelines, including cutoff dates for specific annual financial report that are posted on the Budget committee's website and distributed via email and at operational committee meetings such as the Faculty Chairs/Directors Council (III.D.2-, IIID_FCDC_Home_web).

Also posted on the Budget Committee website are the Budget Decision Criteria that are used by the units to prioritize their needs during program review as well as the President's Cabinet in their budget decision making in the spring (III.D.2-, IIID_BTC_DecisnCriteria_doc). The Budget Decision Criteria align all budget decisions to our mission. The President's Office uses the Budget Decision Criteria in creating the "Closing the Loop" documents that tie the financial decisions made back to the Strategic Directions and show how the various college planning processes in our committees lead to resource allocations along with constraints of the policy on reserves. Board Policy 3A1A16 states that the district-wide unrestricted general fund reserves shall be no less than 15% and that colleges shall maintain a minimum of 3% reserve. In addition to the Closing the Loop, the Budget Committee hosts college-wide budget forums to discuss the budget (III.D.2-, IIID_BTC_BudgetForum16_doc; III.D.2-, IIID_BTC_BudgetForum17_doc). We provide the details of our cash-flow and reserves in our response to III.D.9 below.

The College meets Standard III.D.2.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution reviews its mission and goals as part of the annual fiscal planning process.*
- *The institution identifies goals for achievement in any given budget cycle.*
- *The institution establishes priorities among competing needs so that it can predict future funding. Institutional plans exist, and they are clearly linked to financial plans, both short-term and long-range.*
- *The financial planning process relies primarily on institutional plans for content and timelines.*
- *The institution can provide evidence that past fiscal expenditures have supported achievement of institutional plans.*
- *The governing board and other institutional leadership receive information about fiscal planning that demonstrates its links to institutional planning.*
- *The ending balance of unrestricted funds for the immediate past three years is sufficient to maintain a reserve needed for emergencies.*
- *The institution's process for receiving revenues does not pose cash-flow difficulties. When there is a cash-flow issue, the college has a process to rectify those difficulties.*
- *The institution has sufficient insurance to cover its needs. If the institution is self-funded in any insurance categories, it has sufficient reserves to handle financial emergencies.*

List of Evidence

IIID_PRC_17ProgRevHndbk_doc
IIID_FIN_1718GUI-req_doc
IIID_AIQ_Home_web
IIID_SD_Home_web
IIID_BC_InstitutPlans_web
IIID_KCCD_BP3A_doc
IIID_KCCD_BP-Contracts_web
IIID_BC_EmployeeForms_web
IIID_FIN_BannerHowTo_doc
IIID_FIN_BannrBudgQuery_doc

IIID_FIN_BudOrnt27Sep17_doc
IIID_CL_1415_doc
IIID_CL_1516_doc
IIID_CL_1617_doc
IIID_CL_1718mid_doc
IIID_CC_WorkPlans1618_doc
IIID_FIN_DeptChrXmplRpt_doc
IIID_FIN_DeansXmplRpt_doc
IIID_FIN_Aug17XmplRpt_doc
IIID_FCDC_Home_web
IIID_BTC_DecisnCriteria_doc
IIID_BTC_BudgetForum16_doc
IIID_BTC_BudgetForum17_doc

Standard III.D.3 – Financial Resources: Planning

Standard III.D.3

The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

We describe our financial planning and budget development process in our responses to the two standards above and we document the work of our participatory governance committees involved in the various aspects of the budget development process, including the Budget Committee, Program Review, AIQ, ISIT, Facilities & Sustainability, College Council and others on public websites (III.D.3-, IIID_BCC_Home_web). These participatory governance committees have representatives from faculty, staff, administration, and students.

Analysis and Evaluation

Requests having a financial impact are collected in our program review process and then prioritized in the work of our committees. Along the way, we provide opportunities for feedback and potential adjustments, including open all-college forums. The President uses these prioritizations to create the College budget recommendation that goes forward to the KCCD Board of Trustees for approval at their annual budget work-study session in September. Before the final budget is approved in September, the trustees approve a preliminary budget in May. The Board of Trustees meetings where budget information is shared are open for all members of the community.

The steps of the process are listed in the annually-reviewed budget development calendar (III.D.3-, IIID_BTC_Timeline_doc). We have intentionally designed the dialogs about student learning and success and the financing needed to achieve student learning and success in our formal structure because Bakersfield College has a deeply-rooted culture of dialog that we describe in Standard I.B.

The College meets Standard III.D.3.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *Institution has established processes for financial planning and budget development, which are made known to college constituents.*
- *The college's mechanisms or processes are used to ensure constituent participation in financial planning and budget development.*

List of Evidence

IIID_BCC_Home_web
IIID_BTC_Timeline_doc

Standard III.D.4 – Financial Resources: Fiscal Responsibility and Stability

Standard III.D.4

Institutional planning reflects a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Fiscal managers are members of the committees we have established to establish institutional goals and the plans to achieve those goals. This gives the committees **realistic assessments of the available financial resources** as well as what **new financial resources and partnerships** will need to be developed to meet the goals. Fiscal managers receive monthly budget activity reports of what has been spent year to date in their respective budgets such as the evidence files for a faculty department chair, a dean, and the Vice President of Finance & Administrative Services (III.D.4-, IIID_FIN_DeptChrXmplRpt_doc, III.D.4-, IIID_FIN_DeanXmplRpt_doc; III.D.4-, IIID_FIN_Aug17XmplRpt_doc). These reports are specifically targeted to certain levels of approvers. Level 3 is for faculty chairs and managers who have clearance to approve \$250 or less. Level 4 is for instructional deans, program directors and other managers with clearance for purchases of \$5,000 or less. Level 5 is for vice president or presidential level clearance for purchases above \$5,000. In addition, fiscal managers can access current information and annual reports through the Banner Finance system (III.D.4-, IIID_FIN_BudOrnt27Sep17_doc; III.D.4-, IIID_FIN_BannrBudQuery_doc).

Bakersfield College's funding priorities are set by our Strategic Directions (III.D.4-, IIID_SD_Home_web; III.D.4-, IIID_BC_InstitutPlans_web). Initiatives are developed and updated annually to meet those Strategic Directions. Budget requests for the initiatives must be tied to Strategic Directions (III.D.4-, IIID_FIN_1718GUI-req_doc). Specific project budget requests for processing by the District Office's Business Services are input with the Project Budget Request form (III.D.4-, IIID_FIN_ProjBudReqform_doc). The Project Budget Request is a multiple tabbed Excel form that requires a budget manager and his or her staff to populate the form with dollar amounts requested or needed. Requests for budget adjustments are made with the Budget Request form as shown in the example evidence file (III.D.4-, IIID_FIN_XmplGUBudAdjst_doc).

Analysis and Evaluation

Because of our intentionally-designed formal structure, we ensure that the **people involved in institutional planning have the accurate financial information** they need to tie dollars to our specific plans. Regular meetings of the committees, councils, and operational groups in our formal structure also ensure that we keep on top of changing financial realities and make timely adjustments in our expenditures as necessary. This formal structure and our program review process also ensures that we keep our **funding priorities tied to our mission**.

Bakersfield College and KCCD closely track the state budget picture and use this information in the development of our initial budget models, beginning with the Governor's January Proposed State Budget and continuing on through the May revise and final state budget adoption (III.D.4-, IIID_BTC_Timeline_doc; III.D.4-, IIID_BC_CCCCOFinance_web; III.D.4-, IIID_BC_CCLLeagueAdvoc_web). As described above in our response to III.D.1, KCCD's primary funding comes from state allocations and are distributed to the colleges via the KCCD Budget Allocation Model (III.D.4-, IIID_KCCD_BAM_doc). We also actively seek additional funding support through grants that are appropriate to our educational programs.

The College meets Standard III.D.4.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *Individuals involved in institutional planning receive accurate information about available funds, including the annual budget showing ongoing and anticipated fiscal commitments.*
- *The institution establishes funding priorities in a manner that helps the institution achieve its mission and goals.*

List of Evidence

IIID_FIN_DeptChrXmplRpt_doc
IIID_FIN_DeanXmplRpt_doc
IIID_FIN_Aug17XmplRpt_doc
IIID_FIN_BudOrnt27Sep17_doc
IIID_FIN_BannrBudgQuery_doc
IIID_SD_Home_web
IIID_BC_InstitutPlans_web
IIID_FIN_1718GUI-req_doc
IIID_FIN_ProjBudReqform_doc
IIID_FIN_XmplGUBudAdjst_doc
IIID_BTC_Timeline_doc
IIID_BC_CCCCOFinance_web
IIID_BC_CCLeagueAdvoc_web
IIID_KCCD_BAM_doc

Standard III.D.5 – Financial Resources: Fiscal Responsibility and Stability

Standard III.D.5

To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. The institution regularly evaluates its financial management practices and uses the results to improve internal control systems.

Funds received by KCCD from the state are allocated to the colleges according to formulae given in the KCCD Budget Allocation Model (III.D.5-, IID_KCCD_BAM_doc). All budget requests, including personnel and equipment requests, are submitted through Bakersfield College's annual program review process and those requests must be tied to the Strategic Goals. Fiscal managers are members of the committees and councils that review and prioritize the requests in our budget development process as outlined in the annually-reviewed budget development calendar (III.D.5-, IID_BTC_Timeline_doc). These fiscal managers have access to dependable and timely information about the budget and expenditures through two ways: monthly budget reports emailed to them and secure access to the Banner Finance, which tracks all financial activity in KCCD, to verify and review transactions and get current budget status (III.D.5-, IID_FIN_DeptChrXmplRpt_doc, III.D.5-, IID_FIN_DeptXmplRpt_doc; III.D.5-, IID_FIN_Aug17XmplRpt_doc; III.D.5-, IID_FIN_BudOrnt27Sep17_doc; III.D.5-, IID_FIN_BannrBudgQuery_doc).

As described in our response to Standards III.D.2 and IV.D.4, Bakersfield College manages its financial processes (expenses and revenues; payables and receipts) in conjunction with the KCCD Business Services department. All transactions are tied to specific activity codes according to the California Community Colleges Budget and Accounting Manual (III.D.5-, IID_BC_CCCCO-BAMintro_doc; III.D.5-, IID_BC_BudgtAccountMan_web). All expenditures are processed through established budget forms that require multiple levels of approval at the College and then further compliance checking in the KCCD Business Services department (III.D.5-, IID_FIN_BusSvcForms_web; III.D.5-, IID_FIN_XmplPOapprove_doc; III.D.5-, IID_FIN_SpecCompForm_doc;).

Analysis and Evaluation

The Banner Finance system enables all fiscal managers to track financial activity such as purchase orders, budget transfers, and expenditure transfers. As an example, the PO evidence file was created several months after the purchases were made (III.D.5-, IID_FIN_XmplPOapprove_doc) and one see all of the steps in the PO approval process. Each department has specific individuals for fiscal authorizations and the multiple levels of approval provide a checks-and-balances system for proper control of expenditures. Bakersfield College's Vice-President of Finance & Administrative Services meets weekly with the KCCD Chief Financial Officer to discuss financial implications of budget transactions and processes. Because the processing of financial activity by Business Services is a District Office function, we discuss the evaluation of these processes in Standard IV.D.

The President's Office compiles the financial transactions and budget decision that have been made throughout the year to create the Closing the Loop document to show the link between budget and planning from the program review evaluation process and how the dollars expended reflect our Strategic Directions and mission (III.D.5-, IID_CL_1415_doc; III.D.5-, IID_CL_1516_doc; III.D.5-, IID_CL_1617_doc; III.D.5-, IID_CL_1718mid_doc). In addition to the Closing the Loop, the Budget Committee hosts college-wide budget forums to discuss the budget (III.D.5-, IID_BTC_BudgetForum16_doc; III.D.5-, IID_BTC_BudgetForum17_doc).

The College meets Standard III.D.5.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *Funds are allocated in a manner that will realistically achieve the institution's stated goals for student learning.*
- *The institutional budget is an accurate reflection of institutional spending and it has credibility with constituents.*
- *The institution reviews the effectiveness of its past fiscal planning as part of planning for current and future fiscal needs.*

List of Evidence

IIID_KCCD_BAM_doc
IIID_BTC_Timeline_doc
IIID_FIN_DeptChrXmplRpt_doc
IIID_FIN_DeanXmplRpt_doc
IIID_FIN_Aug17XmplRpt_doc
IIID_FIN_BudOrnt27Sep17_doc
IIID_FIN_BannrBudgQuery_doc
IIID_BC_CCCCO-BAMintro_doc
IIID_BC_BudgtAccountMan_web
IIID_FIN_BusSvcForms_web
IIID_FIN_XmplPOapprove_doc (repeated)
IIID_CL_1415_doc
IIID_CL_1516_doc
IIID_CL_1617_doc
IIID_CL_1718mid_doc
IIID_BTC_BudgetForum16_doc
IIID_BTC_BudgetForum17_doc

Standard III.D.6 – Financial Resources: Fiscal Responsibility and Stability

Standard III.D.6

Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.

Bakersfield College’s budget development process ensures that we have an **appropriate allocation and use of financial resources to support student learning programs and services**. We describe in other parts of Standard III.D how our financial planning is tied to the Strategic Directions (the primary direction of which is Student Learning), in the annual program review process and the development of the tentative and adopted budgets that are approved by the KCCD Board of Trustees in public meetings in May and September, respectively (III.D.6-, IIID_BTC_Timeline_doc). The KCCD tentative and adopted budgets for the past five years are posted in the Reports section of the KCCD Business Services website (III.D.6-, IIID_KCCD_Budgets_web; III.D.6-, IIID_KCCD_Budget-A1718_doc). Bakersfield College’s adopted General Fund budget for 2017-18 is on pages 31 to 43 of the 2017-18 budget evidence file and other BC funds such as the BC Stadium Fund, Student Rep fee fund, student financial aid, enterprise funds (e.g., campus bookstore, cafeteria, farm operations, etc.), Measure G and J bond funds, are listed in other parts of the evidence file.

Also posted in the Reports section of the Business Services website are the quarterly Annual Financial and Budget Report 311A and quarterly 311Q reports that are submitted by KCCD to the California Community College Chancellor’s Office (III.D.6-, IIID_KCCD_311Reprts_web; IIID.6-, IIID_KCCD_311A-1617_doc). The 311A and 311Q summarize and communicate the results of budgetary decisions and transactions of all governmental, proprietary, and fiduciary funds for each annual fiscal period. The annual 311A are presented to the KCCD Board of Trustees in October. The annual audits are posted in the Reports section of the Business Services website as well and are presented to the Board of Trustees in December (III.D.6-, IIID_KCCD_Audits_web; III.D.6-, IIID_KCCD_Audit-1617_doc).

Analysis and Evaluation

State officials can review and address any concerns regarding fiscal compliance through the 311A and 311Q reports. The 311A report includes several key compliance reports (50 Percent Law, Lottery expenditure report, Gann compliance, etc.). The state Chancellor’s office also creates a financial trend analysis for KCCD from the data (III.D.6-, IIID_KCCD_FiscalTrend18_doc). Bakersfield College has met the 50 Percent Law (Education Code Section 84362) which states that at least 50 percent of the general fund expenditures must be toward the direct instruction of students (III.D.6-, IIID_BC_EdCode84362(d)_web). Bakersfield College’s 50 percent law calculation for the past six years is given in the table below.

50% Law Calculation	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Bakersfield College	66.74%	63.66%	65.32%	65.71%	64.59%	64.84%

These figures demonstrate the high degree of credibility and appropriate allocation of resources to student learning programs and services in our financial planning. The extensive participation of employees and students in the development of the budget through our formal structure ensures that the **budget is credible**.

The KCCD audit process is consistent and thorough. The external audit includes all findings and KCCD's response and plan for addressing any concerns identified in those findings. There have been no material findings for the fiscal years up to June 30, 2016 and one qualified opinion for the fiscal year ending June 30, 2017 due to an unintentional error of Positive Attendance recorded for two students which resulted in improved training of faculty teaching positive attendance classes (see page 88 of the 2016-17 Audit evidence file).

The College meets Standard III.D.6.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *Funds are allocated, as shown in the budget, in a manner that will realistically achieve the institution's stated goals for student learning. (same as for D. 5)*
- *The institutional budget is an accurate reflection of institutional spending and it has credibility with constituents. (same as for D.5)*

List of Evidence

IIID_BTC_Timeline_doc
IIID_KCCD_Budgets_web
IIID_KCCD_Budget-A1718_doc
IIID_KCCD_311Reprts_web
IIID_KCCD_311A-1617_doc
IIID_KCCD_Audits_web
IIID_KCCD_Audit-1617_doc
IIID_KCCD_FiscalTrend18_doc
IIID_BC_EdCode84362(d)_web

Standard III.D.7 – Financial Resources: Fiscal Responsibility and Stability

Standard III.D.7

Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

In the Reports section of the Business Services website are the quarterly Annual Financial and Budget Report 311A and quarterly 311Q reports that are submitted by KCCD to the California Community College Chancellor's Office as well as the annual audits (III.D.7-, IID_KCCD_311Reprts_web; IID.7-, IID_KCCD_311A-1617_doc; III.D.7-, IID_KCCD_Audits_web; III.D.7-, IID_KCCD_Audit-1617_doc). The annual 311A and external audit reports are presented to the KCCD Board of Trustees in October and December, respectively.

Analysis and Evaluation

All audit findings are discussed with the Chancellor, Board of Trustees, President of the College, Chief Financial Officer, the Vice President of Finance and Administrative Services, the Chancellor's Cabinet, Administrative Council, District Consultation Council, and relevant department managers. The KCCD audit process is consistent and thorough. The external audit includes all findings and KCCD's response and plan for addressing any concerns identified in those findings. There have been no material findings for the fiscal years up to June 30, 2016 and one qualified opinion for the fiscal year ending June 30, 2017 due to an unintentional error of Positive Attendance recorded for two students which resulted in improved training of faculty teaching positive attendance classes (see page 88 of the 2016-17 Audit evidence file).

The College meets Standard III.D.7.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *Information about budget, fiscal conditions, financial planning, and audit results are provided throughout the college.*
- *Budget information, including the fiscal condition, financial planning, and audit results, is sufficient in content and timing to support institutional and financial planning and financial management.*
- *The institution provides timely corrections to audit exceptions and management advice.*
- *If the institution has received any audit findings or negative reviews during the last six years, they been addressed in a timely manner.*

List of Evidence

IID_KCCD_311Reprts_web
IID_KCCD_311A-1617_doc
IID_KCCD_Audits_web
IID_KCCD_Audit-1617_doc

Standard III.D.8 – Financial Resources: Fiscal Responsibility and Stability

Standard III.D.8

The institution's financial and internal control systems are evaluated and assessed for validity and effectiveness, and the results of this assessment are used for improvement.

Bakersfield College regularly reviews its financial management process through effective and regularly required state and federal annual audits. These audits include any special or categorical funds as well as unrestricted funds. The audit reports are presented to the KCCD Board of Trustees at their public December meeting and the reports are posted on the publicly-accessible Business Services website (III.D.8-, IID_KCCD_Audits_web; III.D.8-, IID_KCCD_Audit-1617_doc).

As we describe in greater detail in our response to Standard III.B, the voters passed two local bonds, Measure G in 2002 and Measure J in 2016 under the “Smaller Classes, Safer Schools and Financial Accountability Act” (“Proposition 39”) that require performance audits and citizen oversight committees (III.D.8-, IID_BOT_14Jul16SFID_mtg). Reports for the Measure G and J bonds are also posted on the Business Services website (III.D.8-, IID_KCCD_SRID_web).

Our annual program review process includes all instructional programs and student support and administrative units. In program review each unit evaluates the impact and effectiveness of resource allocations from the previous year as well as trend data from previous years in their justifications for resource requests in the coming year (III.D.8-, IID_PRC_17ProgRevHndbk_doc). The Program Review Committee (PRC) analyzes the reports, notes common themes and makes recommendations about our processes in its annual report to College Council (III.D.8-, IID_PRC_AnnSum-Dec17_doc). Another evaluation of our system is the Strategic Direction initiatives reporting in the spring by committees, administrators, and other work groups in a process coordinated by the Accreditation & Institutional Quality (AIQ) Committee. AIQ analyzes these assessments, notes common themes and makes recommendations in its annual report to College Council (III.D.8-, IID_AIQ_AnnSumSD-May17_doc).

Analysis and Evaluation

The audit reports show that our financial management practices are sound and executed with integrity. The audits show that expenditures from restricted and unrestricted and bond funds are consistent with all legal and regulatory requirements. Evaluations of our systems as part of program review and Strategic Directions initiatives reporting enables us to respond to any deficiencies.

In addition to these evaluation instruments, KCCD subscribes to EthicsPoint to mitigate fraud. Reports of ethical misconduct are made through EthicsPoint from the “Report Misconduct” link at the bottom of every page on the Bakersfield College website (in the Consumer Information set of links). The EthicsPoint service provides “simple, risk-free ways to anonymously and confidentially report activities that may involve violations of Kern Community District Ethics Policy or even criminal conduct” (III.D.8-, IID_KCCD_EthicsPoint_web). EthicsPoint reports are distributed to the appropriate administrator and investigated promptly. The person or party who reported the misconduct are kept updated online.

The Bakersfield College Vice-President of Finance and Administrative Services, the District Director of Accounting Services, and the KCCD Chief Financial Officer meet regularly to review current fiscal issues at the colleges and the District operations: weekly tele-conference meetings to discuss financial matters and monthly face-to-face meetings to review issues in more depth.

The College meets Standard III.D.8.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution's special funds are audited or reviewed by funding agencies on a regular basis.*
- *Audits demonstrate the integrity of financial management practices.*
- *Expenditures from special funds are made in a manner consistent with the intent and requirements of the funding source. Bond expenditures are consistent with regulatory and legal restrictions.*
- *The institution reviews its internal control systems on a regular basis. The institution responds to internal control deficiencies identified in the annual audit in a timely manner.*

List of Evidence

IIID_KCCD_Audits_web
IIID_KCCD_Audit-1617_doc
IIID_BOT_14Jul16SFID_mtg
IIID_KCCD_SRID_web
IIID_PRC_17ProgRevHndbk_doc
IIID_PRC_AnnSum-Dec17_doc
IIID_AIQ_AnnSumSD-May17_doc
IIID_KCCD_EthicsPoint_web

Standard III.D.9 – Financial Resources: Fiscal Responsibility and Stability

Standard III.D.9

The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.

Section 3A1A6 of the KCCD Board Policy states, “Unallocated District-wide unrestricted general fund reserves shall be no less than fifteen percent (15%) ... Each of the colleges shall maintain a minimum reserve of three percent (3%)” (III.D.9-, IID_KCCD_BP3A_doc). Section 3A1A7 of the KCCD Board Policy states the purpose of the District-wide unrestricted general fund reserve is to “provide resources for **cash flow management**, unfunded liabilities, **risk mitigation**, significant **emergencies**, and a buffer against future budget reductions.” Each year the Kern Community College District finalizes the financial activity from the previous year and determines the ending balance from the previous year. Bakersfield College’s unrestricted adopted budget reserve (line 7910 GU001 & CE) and the amount that was carried over into the next year’s budget (line 8989AB):

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Adopted BC Budget All Reserves (line 7910)	\$3,775,641	\$245,422	\$2,202,693	\$4,773,148	\$6,530,206	\$6,673,860	\$9,099,162
Percent of Adopted GU001 Budget	5.33%	0.39%	2.87%	5.48%	7.00%	7.95%	8.72%
Percent of Total Adopted Budget	5.13%	0.33%	2.82%	5.60%	6.76%	6.08%	7.11%
Actual Carryover (line 8989AB)	\$3,907,608	\$2,802,350	\$5,258,266	\$5,230,979	\$8,443,238	\$8,172,501	--
above (below) projected reserve	\$131,967	\$2,556,928	\$3,055,573	\$457,831	\$1,913,032	\$1,498,641	--

(III.D.9-, IID_KCCD_1718AdoptBud_doc; III.D.9-, IID_KCCD_1617AdoptBud_doc; III.D.9-, IID_KCCD_1516AdoptBud_doc; III.D.9-, IID_KCCD_1415AdoptBud_doc; III.D.9-, IID_KCCD_1314AdoptBud_doc; III.D.9-, IID_KCCD_1213AdoptBud_doc; III.D.9-, IID_KCCD_1112AdoptBud_doc). These College reserve funds are additional funds beyond the 15% unrestricted District-wide reserve (line 7910 GU001 & CE) given in the table below:

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Adopted KCCD Budget All Reserves (line 7910)	\$11,599,943	\$9,334,838	\$10,844,785	\$13,356,427	\$26,719,849	\$25,431,736	\$30,424,295
Percent of Adopted GU001 Budget	9.07%	7.98%	8.57%	9.48%	16.15%	14.70%	16.00%
Actual carryover DO (line 8989AB)	\$9,639,047	\$12,015,508	\$15,161,376	\$19,299,578	\$27,155,102	\$32,030,392	--
above (below) projected reserve	(\$1,960,896)	\$2,680,670	\$4,316,591	\$5,943,151	\$435,253	\$6,598,656	--

KCCD accomplished its buildup of reserves through the implementation of expenditure control initiatives, organizational changes, management of reserves, conservative budget planning, and management of student enrollment.

Analysis and Evaluation

Bakersfield College's budgeted reserves in the past four years is comfortably greater than required minimum of 3% and conservative spending has created an even healthier cushion for our actual ending balance. The goal of KCCD in building up its reserves is to minimize the effect of potential state budget fluctuations on KCCD's various stakeholders. In addition, KCCD transferred a portion of its unrestricted reserves to debt repayment and capital outlay funds in anticipation of future debt service requirements. This transfer will also fund overdue scheduled maintenance facilities projects.

KCCD is part of the Self-Insured Schools of California Joint Powers Agreement (JPA) for General Property and Liability Insurance. The current level of coverage combined with proactive programs provided by the JPA minimizes KCCD's risk. KCCD also requires that contractors provide KCCD appropriate insurance certifications and indemnifications commensurate with the risks associated with their provided service.

Cash flow is managed using multiple sources including reserves and Tax Revenue Anticipation Notes. Should the need arise; the Kern Community College District has access to Certificates of Participation debt repayment funds for short-term borrowing. KCCD uses Self-Insured Schools of California for self-funded health benefits and has sufficient insurance coverage for all other risks stated in Board Policy section 3A13A.

The College meets Standard III.D.9.

<<ACCJC Criteria from Guide for Evaluating Institutions: just one

- *The institution's level of unrestricted fiscal reserves is adequate to meet financial emergencies and unforeseen occurrences.*

List of Evidence

IIID_KCCD_BP3A_doc
IIID_KCCD_1718AdoptBud_doc
IIID_KCCD_1617AdoptBud_doc
IIID_KCCD_1516AdoptBud_doc
IIID_KCCD_1415AdoptBud_doc
IIID_KCCD_1314AdoptBud_doc
IIID_KCCD_1213AdoptBud_doc
IIID_KCCD_1112AdoptBud_doc

Standard III.D.10 – Financial Resources: Fiscal Responsibility and Stability

Standard III.D.10

The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

Bakersfield College assesses its financial processes in two main ways: through annual program review evaluation of the processes in our Office of Financial Aid, Bakersfield College Foundation, and Administrative Support Service office; and annual audits of KCCD finances that include financial aid disbursement, grants, externally funded programs, contractual relationships, and institutional investments and assets (III.D.10-, IID_FA_PRC-AU17_doc; III.D.10-, IID_FO_PRC-AU17_doc; III.D.10-, IID_FAS_PRC-AU17_doc; III.D.10-, IID_KCCD_Audits_web; III.D.10-, IID_KCCD_Audit-1617_doc).

As described in Standards III.D.2, III.D.4, and III.D.5, we oversee all financial reporting and management in close conjunction with KCCD Business Services in accordance with section 3A of KCCD Board Policy (III.D.10-, IID_KCCD_BP3A_doc). Because the processing of financial activity by Business Services is a District Office function, we discuss the evaluation of these processes in Standard IV.D.

Analysis and Evaluation

As part of KCCD, Bakersfield College has well-established financial policies and procedures that ensure we stay in compliance with all state and federal regulations, including Federal Title IV financial aid. Our program review evaluation and audits reveal any problems in our processes that we then fix.

Section 3A4 and Procedure 3A4(a) of KCCD Board Policy set thresholds on contracts for work to be done, services to be performed, and goods, equipment or supplies that require approval by the Board of Trustees. In 2018, the amounts for construction are \$45,000 and for non-construction items \$90,200 (III.D.10-, IID_FIN_ContractBidAmts_doc). KCCD uses the Board Action approval system in BoardDocs to ensure that all levels of management have reviewed and approved or ratified contracts according to the threshold limits.

Board Policy 3A8 governs investments. District investments are primarily associated with future debt payment of Certificates of Participation held by KCCD. The investments are managed by external investment firms, which give regular updates on the status of the investments to the Board of Trustees Finance Committee and the full Board.

Board Policy 3A12 governs auxiliary organizations such as foundations. KCCD provides financial services and guidance for these organizations as well as helping to ensure compliance with auxiliary contracts between KCCD and the auxiliary organization. The Bakersfield College Foundation uses non-Banner software programs to keep its finances separate from Bakersfield College's. The BC Foundation provides financial assistance to students by providing scholarship opportunities, which assist many students in their educational pursuits. Each year the Foundation is audited by an independent outside firm for compliance with state and federal mandates (III.D.10-, IID_FO_SOC-Frm990-15_doc; III.D.10-, IID_FO_Audit2016_doc).

The College meets Standard III.D.10.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution has established processes to assess its use of financial resources.*
- *The institution demonstrates compliance with Federal Title IV regulations and requirements. (Title IV is federal financial aid. Note that this is not in the accreditation standard language)*
- *The institution ensures that it assesses its use of financial resources systematically and effectively.*
- *The institution uses results of the evaluation as the basis for improvement.*

List of Evidence

IIID_FA_PRC-AU17_doc
IIID_FO_PRC-AU17_doc
IIID_FAS_PRC-AU17_doc
IIID_KCCD_Audits_web
IIID_KCCD_Audit-1617_doc
IIID_KCCD_BP3A_doc
IIID_FIN_ContrctBidAmts_doc
IIID_FO_SOC-Frm990-15_doc
IIID_FO_Audit2016_doc

Standard III.D.11 – Financial Resources: Liabilities

Standard III.D.11

The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.

The Kern Community College District receives state apportionment funding based primarily upon Full-Time Equivalent Student (FTES) enrollments (II.ID.11-, IID_KCCD_ExhibitC-1318_doc; III.D.11-, IID_KCCD_CCCCOApportn_web). Those funds are allocated to Bakersfield College through the adopted budget procedures according to the Budget Allocation Model (BAM) (III.D.11-, IID_KCCD_BAM_doc). Bakersfield College's total Adopted Budget, all funds (Unrestricted & Restricted) has been for the past 6 years:

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$78,848,122	\$74,085,677	\$78,207,962	\$85,243,667	\$96,537,761	\$109,855,259	\$127,984,822

(III.D.11-, IID_KCCD_1718AdoptBud_doc; III.D.11-, IID_KCCD_1617AdoptBud_doc; III.D.11-, IID_KCCD_1516AdoptBud_doc; III.D.11-, IID_KCCD_1415AdoptBud_doc; III.D.11-, IID_KCCD_1314AdoptBud_doc; III.D.11-, IID_KCCD_1213AdoptBud_doc; III.D.11-, IID_KCCD_1112AdoptBud_doc). As described in our response to Standard III.D.9, Bakersfield College and KCCD have built up healthy unrestricted reserves to provide resources for cash flow management, **unfunded liabilities**, risk mitigation, significant emergencies, and a **buffer against future budget reductions**.

Analysis and Evaluation

The analysis of our financial planning, large reserves, insurance (health, property, liability) through Self-Insured Schools of California, and usage of Certificates of Participation for short-term borrowing described in our response to Standard III.D.9, demonstrates our planning for and ability to pay liabilities and future obligations.

The College meets Standard III.D.11.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution has a process to conduct short-term and long-term fiscal planning and develop priorities.*
- *The institution has plans for payments of long-term liabilities and obligations, including debt, health benefits, insurance costs, building maintenance costs, etc. This information is used in short-term or annual budget and other fiscal planning.*
- *The Institution allocates resources to the payment of its liabilities and funds/reserves to address long-term obligations. Resources are directed to actuarially developed plans for Other Post-Employment Benefit (OPEB) obligations. Note that OPEB explicitly addressed in III. D. 12*

List of Evidence

IID_KCCD_ExhibitC-1318_doc
IID_KCCD_CCCCOApportn_web

IIID_KCCD_BAM_doc
IIID_KCCD_1718AdoptBud_doc
IIID_KCCD_1617AdoptBud_doc
IIID_KCCD_1516AdoptBud_doc
IIID_KCCD_1415AdoptBud_doc
IIID_KCCD_1314AdoptBud_doc
IIID_KCCD_1213AdoptBud_doc
IIID_KCCD_1112AdoptBud_doc

Standard III.D.12 – Financial Resources: Liabilities

Standard III.D.12

The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.

KCCD contributes the legally-mandated employer rates for California State Teacher Retirement System (CalSTRS) and California Public Employee Retirement System (CalPERS) (III.D.12-, IID_FIN_retire-employr_web). The most recent audit (page 31) states at June 30, 2017, KCCD's proportionate share of net pension liability was \$80.9 million for STRS and \$43.8 million for PERS, for a total net pension liability of \$124.7 million (III.D.12-, IID_KCCD_Audit-1617_doc).

The audits note another OPEB provided by KCCD are postemployment healthcare benefits for eligible employees who retire with CalSTRS or CalPERS pension benefits immediately upon termination of employment from KCCD through the KCCD Postretirement Health Benefits Plan (the Plan). The Plan is a single employer OPEB plan and obligations of the Plan members and the District are based on negotiated contracts with the various bargaining units of the District.

Analysis and Evaluation

Actuarial studies are performed every two years. The most recent actuarial study for post-retirement benefits was released in late February 2018, estimating the amount that should be accumulated under the requirements of Governmental Accounting Standards Board Statement No. 75 (GASB 75). Page 9 of the evidence file states that KCCD's long-term liability is estimated at \$87.7 million (III.D.12-, IID_FIN_OPEBliability_doc). In order to reduce the overall cost to KCCD and to assist with the funding of the obligation, KCCD issued \$85,880,000 in OPEB bonds in 2008 for the partial funding of that liability and established revocable and irrevocable trust funds.

The annual required contribution (ARC) is assessed as an employer expense of 0.98 percent on each full-time payroll dollar in order to supplement the accrued amount required under GASB 75 (III.D.12-, IID_FIN_BenefWsksheet17_doc) This fringe benefit rate is assessed to all eligible employees' salaries in all funds, including categorical, grants and contracts, and auxiliary services.

Vacation leave for classified and management employees are capped at a maximum accrual of 240 hours per employee. Load bank activities for certificated employees also have a maximum balance based on the collective bargaining agreement. The District reviews and has fully accrued obligations for employees relating to compensated absences and load banking.

The College meets Standard III.D.12.

<<ACCJC Criteria from Guide for Evaluating Institutions: (just one)

- *The institution fully funds its annual OPEB obligation (Annual required contribution [ARC]).*

List of Evidence

IID_FIN_retire-employr_web
IID_KCCD_Audit-1617_doc
IID_FIN_OPEBliability_doc
IID_FIN_BenefWsksheet17_doc

Standard III.D.13 – Financial Resources: Liabilities

Standard III.D.13

On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.

As we describe in greater detail in our response to Standard III.B.2, the voters passed two local bonds, Measure G in 2002 and Measure J in 2016 under the “Smaller Classes, Safer Schools and Financial Accountability Act” (“Proposition 39”) that require performance audits and citizen oversight committees (III.D.13-, IID_BOT_14Jul16SFID_mtg). Reports for the Measure G and J bonds are posted on the Business Services website (III.D.13-, IID_KCCD_SRID_web).

With Measure G, voters in the Kern Community College Safety, Repair and Improvement District (SRID) approved \$180 million for the construction and rehabilitation of facilities. With Measure J, voters in the Kern Community College District Facilities Improvement District No. 1 (SFID) approved \$502.8 million for the construction and rehabilitation of facilities.

Analysis and Evaluation

In accordance with Education Code Section 15278, the Board of Trustees established a Citizens’ Oversight Committee to inform the public concerning the District’s expenditure of bond proceeds (III.D.13-, IID_BOT_15Dec16_it10p3_mtg). The committee has oversight for both Measure G and Measure J funds (III.D.13-, IID_MJ_CommOvrSitDec16_doc). The committee provides oversight ensuring that: 1) bond revenues are expended only for the construction, reconstruction, rehabilitation or replacement of college facilities, including the furnishing and equipping of college facilities or the acquisition or lease of real property for college facilities; and 2) no bond revenues are expended for any teacher or administrative salaries or other college operating expenses. The oversight committee reports annually to the Board of Trustees.

The College meets Standard III.D.13.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution determines the level of locally incurred debt and makes appropriate plans to address the debt.*
- *The institution ensures that locally incurred debt repayment schedule does not have an adverse impact on meeting all current fiscal obligations.*

List of Evidence

IID_BOT_14Jul16SFID_mtg
IID_KCCD_SRID_web
IID_BOT_15Dec16_it10p3_mtg
IID_MJ_CommOvrSitDec16_doc

Standard III.D.14 – Financial Resources: Liabilities

Standard III.D.14

All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.

The Kern Community College District is audited annually, which includes audits and reviews of State and Federal program compliance (III.D.14-, IID_KCCD_Audits_web; III.D.14-, IID_KCCD_Audit-1617_doc). Due to a significant increase in the size of grants awarded to Bakersfield College and KCCD, the District has added resources to assist grant directors and managers in complying with ongoing fiscal monitoring, compliance, and other administrative requirements of these grants. KCCD Accounting office coordinates and compiles all fiscal reporting to the various agencies administering financial aid, categorical, and grant funding. KCCD's Accounting office regularly distributes the status of external reporting to all College and District office management and all grant and categorical project managers (III.D.14-, IID_FIN_GrantReptMar18_eml). This report maintains the current status on all reports due to the reporting agency. The purpose of the report is to track the ongoing reporting and to act as a reminder on report due dates. Any and all financial resources are subject to the same review guidelines.

Analysis and Evaluation

Management practices at Bakersfield College are done with integrity and efficiency. Any findings found from external audits have been minor and easily rectified. Checks and balances are constantly reviewed and modified to make sure Bakersfield College continues to function ethically and according to federal and state mandates. These audit requirements for California Community Colleges have stipulated specific state compliance issues to be reviewed as part of the annual audit (III.D.14-, IID_BC_CCCCO_CDAM_web). These checks and balances exist to monitor deficiencies in internal control, such as when the design of operation of control does not allow management or employees to identify a problem in the normal course of performing assigned functions, or to correct problems or concerns in a timely manner. The annual audits state that KCCD has complied, in all material respects with the compliance requirements of the Government Auditing Standards of the United States Office of Management and Budget Circular A-133, that could have a direct and material effect on each of its major federal programs for the year in question.

The College meets Standard III.D.14.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution has an annual assessment of debt repayment obligations, and resources are allocated in a manner that ensures stable finances.*
- *The institution ensures that the financial operations of all auxiliary activities are appropriately monitored.*

List of Evidence

IID_KCCD_Audits_web
IID_KCCD_Audit-1617_doc
IID_FIN_GrantReptMar18_eml
IID_BC_CCCCO_CDAM_web

Standard III.D.15 – Financial Resources: Liabilities

Standard III.D.15

The institution monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance when the federal government identifies deficiencies.

In fiscal year 2013-14, Bakersfield College was one of twelve community colleges who were placed on warning due to the 2010 three-year cohort default rate calculation reaching 30%. We established a default prevention task force and submit a default prevention plan that was approved by the Department of Education in Spring 2014 (III.D.15-, IIID_FA_DeftPrevTask_doc). The warning was removed when the 2011 three-year cohort default rate dropped to 27.7%. The KCCD Board of Trustees held a Work Study session about BC's federal loan program where the plan and task force were described in great detail as shown in the evidence files (III.D.15-, IIID_BOT_Feb15-itm6_mtg; III.D.15-, IIID_FA_BOT-loan-Feb15_doc; III.D.15-, IIID_FA_CCCCO-DefPrev_doc). The most recent cohort data default rate (for the 2014 cohort) is 20.4% (III.D.15-, IIID_FA_DefRateDeptEd_web).

Analysis and Evaluation

The Bakersfield College Default Prevention Task Force has determined that some additional broad efforts are needed to reduce student loan defaults in the near and long terms. In this regard, we initiated several efforts to reduce loan default among Fiscal Year 2014 and Fiscal Year 2015 delinquent borrowers, as follows:

Short Term: With the assistance of an outside consultant, Parker, Pierson and Associates, and the California Community Colleges Chancellor's Office, Bakersfield College identified **ECMC** as the selected third-party servicer to provide supplemental servicing support for our Fiscal Year 2014 and Fiscal Year 2015 delinquent borrowers (III.D.15-, IIID_FA_FANews-ECMC_web). The Financial Aid Office works in collaboration with ECMC to track, monitor, and contact students entering repayment and offer resources such as loan repayment advice, repayment plan options, forbearances, deferments, and loan forgiveness. The effort is monitored by both BC and the selected consultants on a monthly basis to ensure that the contractor is meeting the objectives of the short-term contact. The task force monitors these results and provides school leadership with monthly reports about the status of delinquent borrowers and our projected cohort default rates for these two open years.

Long Term: The California Community College Chancellor's Office has begun a system-wide effort to increase both student persistence and student success among those who enroll in community colleges through the Financial Aid Literacy Project. The financial literacy plan is being created as a vehicle to increase financial literacy at Bakersfield College, as part of the California Community the College Chancellor's Office (CCCCO) effort to increase financial literacy (III.D.15-, IIID_FA_CCCCO-FinLit_web).

The college expanded the school's financial education activities to include the integration of financial education experiences and material into the classroom, creation of the Financial Aid TV website (III.D.15-, IIID_FA_FinAidTV_web; III.D.15-, IIID_FA_FinAidTVlowbnd_web), and conduct financial education workshops for students, through student peer-to-peer financial education counselors who are part of the financial education delivery system (III.D.15-, IIID_FA_LoanWkshops1718_doc). The Task Force will be monitoring these efforts, and meeting periodically with the Bakersfield College school-level student success team, to discuss those areas

in which the teams can work collaboratively to both increase student success and reduce default risk among current and future students.

The College meets Standard III.D.15.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *The institution's three-year default rate is within federal guidelines.*
 - *The institution has a plan to reduce the default rate if it exceeds federal guidelines.*
 - *Student loan default rates, revenues, and related matters are monitored and assessed to ensure compliance with Federal Regulation.*

List of Evidence

IIID_FA_DefltPrevTask_doc
IIID_BOT_Feb15-itm6_mtg
IIID_FA_BOT-loan-Feb15_doc
IIID_FA_CCCCO-DefPrev_doc
IIID_FA_DefRateDeptEd_web
IIID_FA_FANews-ECMC_web
IIID_FA_CCCCO-FinLit_web
IIID_FA_FinAidTV_web
IIID_FA_FinAidTVlowbnd_web
IIID_FA_LoanWkshops1718_doc

Standard III.D.16 – Financial Resources: Contractual Agreements

Standard III.D.16

Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution and the quality of its programs, services, and operations.

Section 3A4 of the Board policy manual requires that contracts must meet the requirements of the Public Contract code. Every contract contains appropriate insurance and indemnification requirements commensurate with the risk associated with services being provided. In addition, all contracts must go through District Business Services for compliance review with the Public Contract Code and Board Policy (III.D.16-, IIID_KCCD_BP3A_doc).

The Bakersfield College Foundation cash and investment accounts are separate from any of the Kern Community College District/Bakersfield College accounts. Bakersfield College also maintains a separate financial system for Bakersfield College's Foundation. The Foundation books are maintained in SAGE, which is a completely separate accounting system from the Banner system that the Kern Community College District uses.

Analysis and Evaluation

To assist Bakersfield College with contract management, KCCD developed a contract database and a contract checklist of items for inclusion in each contract (III.D.16-, IIID_KCCD_ICA-Checklist_doc; III.D.16-, IIID_KCCD_ICA-FrmsSep15_doc). The maximum term Bakersfield College can contract for services is five years or 60 months. However, many contracts are for one year. There is a contract for every service expense committing future dollars. The control over this process is that all purchase orders are reviewed at multiple levels at both Bakersfield College and the District level as described in our response to Standard III.D.5. In addition, contract agreements are not entered into unless previously approved per Board Policy 3A4 and the same holds true for payment on those contracts.

We can change or terminate contracts that do not meet our required standards of quality. Accordingly, the KCCD Chief Financial Officer can take action including termination based on termination language consistent with state law which is incorporated into KCCD's contracts. An accounting technician maintains this database and hard copies of all contracts, which are available at District Business Services. This database is available online on the InsideBC portal under Employee Forms – Master Database of Contracts (III.D.16-, IIID_BC_EmployeeForms_web; III.D.16-, IIID_FIN_MatrContfOct17_doc).

All financial records, including cash deposits and disbursements, for the Bakersfield College Foundation are recorded by the Bakersfield College Business Office staff, and the Bakersfield College Foundation employees have read-only access to the financial records. All requests for disbursements of Bakersfield College Foundation funds are initiated by the Bakersfield College Foundation and approved by the Bakersfield College Foundation executive director and then by the campus accounting manager as a compliance approver. The signers for the Bakersfield College Foundation checking accounts are the Bakersfield College President and the Bakersfield College Vice Presidents.

The College meets Standard III.D.16.

<<ACCJC Criteria from Guide for Evaluating Institutions:

- *If the institution has contractual agreements, they are consistent with institutional mission and goals.*
- *The institution has appropriate control over these contracts. It can change or terminate contracts that don't meet its required standards of quality.*
- *External contracts are managed in a manner to ensure that federal guidelines are met.*

List of Evidence

IIID_KCCD_BP3A_doc
IIID_KCCD_ICA-Checklist_doc
IIID_KCCD_ICA-FrmsSep15_doc
IIID_BC_EmployeeForms_web
IIID_FIN_MatrContfOct17_doc