



# Consultation Council / Strategic Planning Committee 2013-2014

Administration:

**Dr. Marlon Hall**  
**Dave Clausen**  
Dr. Tammy Robinson  
**Dr. Beatriz Vasquez**  
**Patrick Walton**

Those present in bold

Guests: **Shelly Baxter, Matt Levine**

Classified:

**Jeff Lang**  
Carol Montgomery  
Tami Wattenburg  
**ASB**  
**Jonathan Herring**

Faculty:

Cheryl Aschenbach  
**Robert Schofield**  
Carie Camacho  
**Sue Mouck**  
Ross Stevenson

Management:

**Terry Bartley**  
Vickie Ramsey (HRMP)  
**(FMP)**  
**Aeron Zentner (OIE)**

Minutes for October 24, 2013

3:00 pm in CD-119

Called to order at 3:03pm

Consultation Council

1. Academic Services -Instructional Services –Update (Information)

*Dr. Beatriz Vasquez reported on activities within instructional services.*

- a. *The 2014 Spring class schedule has been finalized.*
- b. *The College has submitted two grants to the Chancellor's Office. Decisions will be made by October 28, 2013*
  - (1) *Online Education Initiative at 2.2 million*
  - (2) *Education Planning Initiative at 1.6 million*
- c. *Evaluations underway for both full and part time faculty.*
- d. *Athletics has been without incident for three straight weeks.*
- e. *Potential Director of Nursing credentials have been sent to the BVNPT.*
- f. *The EMP has been completed*
- g. *The CTE team planning meeting occurred to begin looking at possibilities for increased enrollment.*

2. Adoption of AP 3600 – Auxiliary Organizations (Consultation)

*Dr. Hall presented the AP on Auxiliary Organizations. He reported that he had done considerable research-reviewing administrative procedures from similar institutions. **Consultation Council accepted AP 3600-Auxiliary Organizations by consensus.***

3. MAA Report (Information)

*Shelly Baxter provided an update on the status of MAA. The College will invoice for \$10,163.00 for the third quarter. Twelve people claimed during that quarter. The College will pay the consultants \$900 netting \$9,263.00. Six departments have participated (A&R, Bookstore, Child Development, Counseling, President's Office, and Residential Life). The timing for maximizing MAA was not very good for either of the first two quarters that the College participated. Opportunity for expansion exists. Projected revenues are*

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*currently at \$40,000 per year, but should be able to go to \$60,000. Ms. Baxter informed the committee of plans to offer additional training to increase certified staff and provide additional assistance to staff previously certified. Dave Clausen advised the group that the distribution of the revenue had not been determined. He suggested half the money to sustain the MAA program and half the money be provided back to the area. Terry Bartley questioned how the financial windfall would fit into the established planning process. Shelly Baxter commented that receiving the money takes time which would allow time for anticipation of purchasing and fit with the established planning process. Dave Clausen suggested the funds be earmarked for training. Terry Bartley suggested that the funds should be used to benefit the entire college not just department. It was suggested that there is still plenty of time to talk about the distribution of the funds this year prior to budget allocation process.*

## Strategic Planning

1. 2013-2014 Action Plan Evaluation Matrix -October Update (Information)  
*Sue Mouck reminded the committee of the planning process sequence in which the Comprehensive Institutional Master Plan is adopted in Spring. The CIMP includes strategies to be implemented during the first year of the five-year plan. The Evaluation Matrix which is presented to Consultation Council four times during the year is the College's mechanism for tracking progress on the implementation of the strategies. Dr. Beatriz Vasquez identified that the Academic Planning Committee had participated in filling the matrix followed by review by other master planning groups. Terry Bartley articulated her perception that the College is doing a better job of developing and implementing more realistic plans.*
2. Presentation of draft 2014-2019 EMP (Consultation)  
*Dr. Beatriz Vasquez presented the draft 2014-2019 EMP. She acknowledged the cooperative efforts of the Academic Planning Committee.*
3. Revised 2012 Auxiliary Services NIPR (Information)  
*Dave Clausen expressed appreciation that Jeff Lang had brought up last week the absence of address asbestos removal in the plan. The omission has been corrected. He further identified that the list of compliance agencies will be updated and expanded at the time of annual update. Jeff Lang expressed concern about changing occupancy of facilities. He identified the code books from maintenance are out of date. Dave Clausen agreed that new code books need to be obtained. Mr. Lang indicated that a*



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*change in occupancy requires a building permit. Change of materials requires State Fire Marshal approval. The building of major concern was the move of the bookstore to the Co-Op.*

## Accreditation Steering

### Accreditation Update (Information)

*Sue Mouck shared the cover and one of the dividers for the accreditation self-evaluation. She informed the group that the document is finished with exception of final approval and minor adjustments. The document will come to Consultation Council next week for acceptance and recommendation to the Governing Board for adoption on November 12, 2013. The primary work remaining is to complete the compilation of the evidence.*

### Other:

*Matt Levine provided information on the loan default rate. Previously, the default rate was monitored to assure that each College did not demonstrate a two-year rate above 25%. The time frame was changed to a three-year cohort rate. Because the numbers of student loans at Lassen College are so low, the default rate is significantly impacted by individual students. We have had two years of above 25% at 37% and 37.1%. The Chancellor's Office is providing assistance to institutions. Mr. Levine has been in contact with the consulting group. The default rate at Lassen requires a Default Prevention Plan. Mr. Levine has procured a copy of sample plan. Data will be needed from the research office to allow for informed decision. Existing student borrowers will be analyzed in order to determine the cause of the default rate. The data file for the third year- fiscal 2011 is calculated at 30.42%. The rate is the result of one person. The College can influence retention and success, but it is difficult to influence the default rate.*

*Shelly Baxter expressed appreciation for the recognition by the College of the need for increased security in the Child Development Center through the budget allocation ranking last spring. In light of recent school shootings, the Child Development Center is on high alert. Dave Clausen emphasized the need to contact police when you see anything unusual on campus.*

*Shelly Baxter reminded the group of the Aurora Network Presentation on Destigmatizing Mental Health occurring tomorrow at 11:30 at Casino.*

*Jonathan Herrington reminded the group of the luncheon next Tuesday in recognition of Breast Cancer Awareness Month. Shelly Baxter identified that the Child*



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*Development Center has challenged other areas to give more than the request donation for lunch and wear pink.*

*Dave Clausen announced Native American Heritage month celebration on November 20, 2013. He informed the group that he had learned much during his planning meetings with representatives of the Native American community including the fact of a local Massacre in 1866.*

*Patrick Walton announced a second Student Town Hall from 1-3pm in the Learning Center on Tuesday, October 29, 2013.*

Meeting Adjourned at 4:00 pm

Future Meetings:

Thursday, October 31, 2013

Thursday, November 7, 2013

Future Agendas:

1. Basic Skills Annual Report (Information) – October 31, 2013
2. Adoption of Accreditation Self-Evaluation (Consultation) – October 31, 2013- Sue Mouck
3. Presentation of 2013 Maintenance and Operation of Plant NIPR (Information) – October 31, 2013-Dave Clausen
4. Review of the November 12, 2013 Governing Board agenda (Information) – November 7, 2013- Dr. Hall
5. Acceptance of AP 3550– Drug Free Environment and Drug Prevention Program (Consultation) – Vickie Ramsey
6. Presentation of 2013 Welding Technology IPR (Information) - Cheryl Aschenbach
7. Presentation of 2013 Human Services IPR (Information) - Cheryl Aschenbach
8. Presentation of 2013 Gunsmithing IPR (Information) - Cheryl Aschenbach

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*Proposed Lassen Community College District  
Procedure*

CCLC No. 3600

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**General Institution**  
**DRAFT as of 10/07/13**  
**Adopted by Consultation Council 10/24/2013**

## **AP 3600 AUXILIARY ORGANIZATIONS**

### **References:**

Education Code Sections 72670 et seq.;  
Government Code Sections 12580 et seq.;  
Title 5 Sections 59250 et seq.

### **Definitions**

**Board of Directors** – The term board of directors as used herein means the governing board of an auxiliary organization.

**Board of Trustees** – The term Board of Trustees as used herein means the Board of Trustees of the District.

**Board of Governors** – The term Board of Governors as used herein means the Board of Governors of the California Community Colleges.

**CEO** – The term CEO (chief executive officer) as used herein means the Chancellor or Superintendent of the District or designee.

**District** – The term District as used herein means the name of the Community College District.

**Associated Student Body** – The terms Associated Student Body, Associated Student Organization, Student Association, Student Organization, or ASB as used herein means an organization formed by any group of students from a college of the District in accordance with the provisions of Education Code Section 76060. All clubs and organizations recognized by an Associated Student Body or Organization shall be included in any auxiliary organization established by the Student Body or Organization.

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**See BP/AP 5400 Associated Students Organization, BP 5420 Associated Student Finance and AP 5450 Student Clubs and Organizations.**

***Lassen Community College currently has one auxiliary organization, the Lassen College Foundation, which operates under the terms of a Master Agreement with Lassen Community College.***

- ❖ **From current Lassen College Policy 1900 titled Implementing Regulations – Auxiliary Organizations**

## **Recognition and Establishment of Auxiliary Organizations**

The CEO shall submit a recommendation to the Board of Trustees to establish an auxiliary organization when the organization will serve the District. The recommendation includes, but is not limited to, the following:

- The purpose(s) for which the auxiliary organization is to be established;
- Whether the proposed auxiliary organization will primarily serve the District;
- The functions which the auxiliary organization is intended to perform;
- The proposed bylaws and articles of incorporation for the auxiliary organization, including the size and composition of the Board of Directors; and
- The proposed written agreement between the auxiliary organization and the District, as required in Title 5, Section 59259.

The process of recognition shall be as follows:

- When the CEO receives a request to establish an auxiliary organization, the CEO shall submit a recommendation concerning the establishment of said organization to the Board of Trustees within three months.
- The Board of Trustees shall hold a public hearing on each recommendation concerning the establishment of an auxiliary organization.
- At a subsequent scheduled meeting after the public hearing, the Board shall announce its decision concerning the establishment of the organization, and, if approved, authorize the functions it may perform, identify the number and category or categories of the Board of directors and approve contractual arrangements.
- At such time as the District conditionally recognizes an auxiliary organization, it shall submit to the Sstate Chancellor's Office any written

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agreements with the auxiliary organization, as well as the articles of incorporation, bylaws, or other governing instruments. The auxiliary organization will be officially recognized when the Chancellor approves the auxiliary's written agreement(s), pursuant to Title 5, Sections 59257(j) and 59272.

## Recognized Services, Programs and Functions

The functions to be undertaken by auxiliary organizations are for the purpose of providing activities, which are an integral part of the community college educational programs, consistent with functions approved by the Board of Governors (Title 5, Section 59259). Auxiliary organizations may be recognized and established by the Board of Trustees to perform the following supportive services, programs and functions:

- a) Student association or organization activities;
- b) Bookstores;
- c) Food and campus programs;
- d) Student union programs;
- e) Facilities and equipment, including parking;
- f) Loans, scholarships, and grants-in-aids;
- g) Workshops, conferences, institutes, ~~and~~ federal, and specially funded projects;
- h) Alumni activities;
- i) Supplementary health services;
- j) Gifts, bequests, endowments and trusts; and
- k) Public relations programs.

Additionally, no auxiliary organization shall be authorized by the Board of Trustees to engage in any other function unless the Board of Governors amends Section 59259 of Title 5 by adding said function to the list of approved functions of auxiliary organizations.

This section shall not be construed to prohibit an auxiliary organization from taking actions essential to satisfy the nonprofit corporation or tax laws of the State of California or federal tax laws.

## Authority and Responsibility of Auxiliary Organizations

The District governing board, in accordance with regulations of the Board of Governors of the California Community Colleges, shall ensure that the transactions of all auxiliary organizations are within the educational mission of the District.

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All services, programs, and activities that may be undertaken by an auxiliary organization shall be maintained for the general benefit of the educational program of the District.

Upon Board of Trustees approval, auxiliary organizations shall be empowered to:

- Assume any of the services, programs or activities listed in Title 5, Section 59259, and under “Recognized Services, Programs and Functions” in these regulations;
- Shall not engage in activities, which are prohibited by statute or regulations;
- Shall perform the foregoing activities in a manner such that the activity will not be perceived as competing with local commercial enterprises; and are in support of the mission of the college, including activities not normally funded by state apportionment;
- Provide the fiscal means and the management procedures that allow the District to carry on educationally related activities not normally funded by state apportionment;
- Eliminate the undue difficulty that would otherwise arise under the usual governmental budgetary, purchasing and other fiscal controls except as expressly prohibited by the Education Code or Title 5, or the District’s procedures;
- Provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the District in accordance with sound business practices.

Auxiliary organizations shall be held responsible for all fiscal, administrative and personnel issues. This, however, does not preclude an auxiliary organization from contracting with the District for these services. Additionally, all auxiliary organizations shall be completely self-supporting.

For services and facilities provided to auxiliary organizations by the District, the auxiliary organization shall fully reimburse the District for these services performed by District employees under the direction of the auxiliary organization. This reimbursement shall be made in the form of cash reimbursements rather than in-kind.

Participation in workshops, conferences, or institutes offered by an auxiliary organization shall not be included in reports to the state for the purpose of receiving apportionment.

## Composition of Boards of Directors

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The Board of directors of each auxiliary organization shall have the following composition:

## **Student Associations or Organizations**

The board of directors shall consist primarily of students. The **Chief Student Services Officer or designee** may attend and participate in meetings of the board of directors in order to advise on policy and to provide for the control and regulation required by Education Code Section 76060. See **BP/AP 5400 Associated Students Organization, BP 5420 Associated Student Finance and AP 5450 Student Clubs and Organizations.**

## **Other Auxiliary Organizations**

Any other District approved auxiliary organization that is established pursuant to Sections 72670 et seq. of the Education Code shall have a board of directors appointed in accordance with the organization's articles of incorporation or bylaws and consisting of voting membership from one or more of the following categories: Administration, staff, members of the community, and students.

The size of the Board of directors of an auxiliary organization shall be at least large enough to accommodate the one or more categories from which board members are selected.

The board of directors shall have the advice and counsel of at least one attorney admitted to practice in California and at least one certified public accountant. Upon being notified of the certified public accountant selected by an auxiliary organization, the District shall forward the applicable auditing and reporting procedures to the selected certified public accountant.

## **Conduct of Boards of Directors**

No member of the Board of directors of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the Board of which he/she is a member. Any contract or transaction entered into in violation of this section is void.

No contract or other transaction entered into by the Board of directors of an auxiliary organization is void under the provisions of Education Code Section 72677; nor shall any member of such board be disqualified or deemed guilty of misconduct in office under such provisions, if pursuant to Education Code Section 72678 both of the following conditions are met:

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- The fact of such financial interest is disclosed or known to the Board of directors and noted in the minutes, and the Board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members.
- The contract or transaction is just and reasonable as to the auxiliary organization at the time it is authorized or approved.

The provisions of the [Education Code Section 72678](#) above shall not be applicable if any of the following conditions are met:

- The contract or transaction is between an auxiliary organization and a member of the Board of directors of that auxiliary organization.
- The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he or she is the owner or holder, directly or indirectly, of a proprietorship interest.
- The contract or transaction is between an auxiliary organization and a corporation in which any member of the Board of directors of that auxiliary organization is the owner or holder, directly or indirectly, of five percent or more of the outstanding common stock.
- A member of the Board of directors of an auxiliary organization is interested in a contract or transaction within the meaning of Education Code Section 72677 and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the Board to enter into the contract or transaction.

It is unlawful for any person to utilize any information, not a matter of public record, which is received by the person by reason of his/her membership on the Board of directors of an auxiliary organization, for personal pecuniary gain, regardless of whether he/ or she is or is not a member of the Board at the time such gain is realized.

## Bylaws

The bylaws of an auxiliary organization shall include, but not be limited to, specifying:

- The number of members of the Board of directors, the categories from which members shall be selected and the method by which they shall be selected.
- The size of the Board of directors.

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- That at least one public business meeting will be held each quarter.
- The timetable for the preparation and adoption of its program and annual budget and the submission of both for review to the CEO.
- That an attorney admitted to practice in this state and a licensed certified public accountant shall be selected to provide advice and counsel to the Board of directors. Each shall have experience appropriate to the responsibility and shall have no financial interest in any contract or other transaction entered into by the Board that he/she serves. Neither the attorney nor the certified public accountant needs to be a member of the Board of directors.
- The procedures for approving expenditures.
- The procedures for accepting gifts, donations, bequests, trusts and specially funded grants and other income.

## **Written Agreement between District and Auxiliary Organizations**

In the recognition and establishment of an auxiliary organization, there shall be a written agreement between the District and the auxiliary organization which sets forth the purposes of the auxiliary organization as permitted under this Regulation, and Title 5 Section 59259.

An auxiliary organization shall provide only those services, programs or functions authorized by a written agreement. No other service, program or function shall be permitted or performed unless a written agreement between the District and the auxiliary organization is amended to provide otherwise.

The agreement shall include, but is not limited to, the following provisions:

- The services, programs, or functions the auxiliary organization is to manage, operate or administer.
- A statement of the reasons for administration of the functions by the auxiliary organization instead of by the District under usual District procedures.
- The areas of authority and responsibility of the auxiliary organization and the District or College.
- The facilities and services to be made available by the District to permit the auxiliary organization to perform the services, programs or functions specified in the written agreement.
- The charge or rental to be paid to the District by the auxiliary organization for the facilities used or services provided in connection with the performance of its function. The charge or rental specified shall be identified in sufficient time before it is incurred so that the organization may determine to what extent it is liable.

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- Full reimbursement to the District for services performed by District employees under the direction of the auxiliary organization. This reimbursement shall be in the form of cash reimbursements rather than in-kind. Methods of proration where services are performed by District employees for the auxiliary organization shall be simple and equitable.
- A mutually agreed upon method of determining in advance to what extent the organization shall be liable for indirect costs relating to specially funded programs including federally sponsored programs.
- The responsibility for maintenance and payment of operating expenses.
- The proposed expenditures for public relations or other purposes which would serve to augment District appropriations for operation of the college. With respect to expenditures for public relations or other purposes which would serve to augment District appropriations for the college, the auxiliary organization may expend funds in such amount and for such purposes as are approved by the board of directors of the auxiliary organization. The governing board shall name a designee who shall file with the governing board a statement of auxiliary organizations' policies on accumulation and use of public relations funds. The statement will include the policy and procedure on solicitation of funds, source of funds, amounts, and purposes for which the funds will be used, allowable expenditures, and procedures of control.
- The disposition to be made of net earnings derived from the operation of the auxiliary organization, including earnings derived from facilities owned or leased by the auxiliary organization, and provisions for reserves.
- The disposition to be made of net assets and liabilities on dissolution of the auxiliary organization or cessation of the operations under the agreement.
- The covenant of the auxiliary organization to maintain its organization and to operate in accordance with Sections 72670 through 72682 of the Education Code and with the regulations contained in Title 5, Section 59250 et seq., as well as District Board Policy.
- The understanding that the auxiliary organization shall obtain the services and counsel of an attorney admitted to practice in the State of California whenever the need arises.
- The understanding that the auxiliary organization shall not enter into any contract or other business arrangement involving real property either by lease involving payments of more than \$25,000 per annum and duration terms of more than one year, or by purchase without prior notification and consultation with the CEO.

## Personnel

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The purposes and operations of an auxiliary organization shall be conducted in conformity with general regulations established by the Board of Governors and with these implementing regulations.

The board of directors of each auxiliary organization shall develop and adopt written policies to govern its operations, including policies concerning the salaries, working conditions and benefits of its employees. Such policies shall not conflict with the policies of the Board of Trustees of the District, including but not limited to these implementing regulations.

The governing board of each auxiliary organization shall provide salaries, working conditions and benefits for the full-time employees of each auxiliary organization which are comparable to those provided District employees performing similar services provided, however, that retirement benefits, or permanent status benefits, or both, may be withheld from temporary and executive employees of each auxiliary organization.

For the purposes of these regulations and the policy to be adopted by the auxiliary organization, a “temporary employee” is (1) an employee employed for a research project, workshop, institute, or other special project funded by any grant, contract, or gift; or (2) an employee whose contract of employment is for a fixed term not exceeding three years.

For the purposes of these regulations and the policy to be adopted by the auxiliary organization, an “executive employee” is any management employee with responsibility for the development and execution of auxiliary organization policy and includes, but is not limited to, general managers business managers, directors, and similar positions.

For those full-time employees whose duties are not comparable to classes in the District, the salaries established shall be at least equal to the salaries prevailing in other educational institutions in the area or commercial operations of like nature.

Regular District employees may be employed by the auxiliary organization. District employees must resign or request personal leave of absence from the district in order to accept employment with the auxiliary organization. District officers and employees who are required by the District’s Board policy on Conflict of Interest to file disclosure of financial information are responsible to determine whether or not they are eligible to accept employment with the auxiliary organization immediately upon resignation from the District.

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Retirement benefits may be provided by other than the Public Employees' Retirement System. A contract for participation in the Public Employees' Retirement System in accordance with the terms and conditions of the public employees' retirement law shall be deemed to satisfy the requirements of Education Code 72672 subdivision (c) with respect to retirement.

The board of directors of any newly created auxiliary organization is exempt from the requirement of providing retirement benefits for a period not to exceed three years from the date the auxiliary organization is lawfully established.

### **Accounting and Reporting for Auxiliary Organizations**

The fiscal year of the auxiliary organization shall coincide with that of the District.

Each auxiliary organization shall develop an accounting system that is in accordance with generally accepted accounting principles.

The auxiliary organization shall incorporate into its practices and procedures the following financial standards to assure the fiscal viability of District auxiliary organizations.

- Funds of the auxiliary organization will be managed professionally with regard to budgeting, accounting, accounts receivable, accounts payable and preparation of financial statements. Such financial management will be provided by an individual who possess, at a minimum, a bachelor's degree in business administration, and who has at least three years of experience in nonprofit organization operations. Auxiliary organizations are encouraged, but not required, to hire an individual that possesses a bachelor's degree in business administration with a concentration in accounting.
- Each auxiliary organization shall maintain documentation for assets, liabilities, revenues, and expenditures consistent with good business practice, and in keeping with applicable documentation standards required by federal, state, and local governments. Good business practices include documentation procedures adequate to allow the efficient annual audit by a certified public accountant.
- The auxiliary organization should maintain adequate internal controls. Internal control includes a process, effected by an entities management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
  - Effectiveness and efficiency of operations
  - Reliability of financial reporting; and

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- Compliance with applicable laws and regulations.

The auxiliary organization shall achieve the foregoing objectives by putting in place the following five components of internal control:

1. Control Environment. The organization's tone; the foundation for all other components of internal control.
2. Risk Management. Management establishes activity-level objectives and mechanisms for identifying and analyzing risks related to their achievement.
3. Control Activities. Policies and procedures that ensure management's directives are carried out and help ensure that necessary actions are taken to minimize risks to achievement of the entities objectives.
4. Information and Communication. Information must be identified, captured, and communicated in a form and time frame that enable people to carry out their responsibilities.
5. Monitoring. Assessing the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two.
  - Auxiliary organization shall maintain adequate working capital and reserves for the unrestricted current/operating fund and document compliance with this standard by quarterly submitting financial statements (Statement of Financial Position and Statement of Activities) to the District. Specifically, the auxiliary organization will maintain:
    - Working capital (current assets minus current liabilities) equal to one month of the prior year's average monthly expenditures; and
    - Reserve funds for current operations and capital replacements equal to two months of the prior year's average monthly expenditures.
  - Each fiscal year, the Board of Directors of the auxiliary organization shall approve a three-year business plan that projects future activities and provides for any new business requirements, and shall submit this business plan to the CEO. Future activities will take into account the Statement of Cash Flows for future projections and budgeting purposes.

Each auxiliary organization shall submit its programs and budgets for review at a time and in a manner specified by the CEO.

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Funds derived from indirect cost payments shall only be appropriated with the specific approval of the CEO. All uses of such funds shall be regularly reported to the District governing board.

Should the CEO determine that any program or appropriation planned by an auxiliary organization is not consistent with District policy, the program or appropriation shall not be implemented. Further, should a program or appropriation which has received approval, upon review, be determined by the CEO to be operating outside the acceptable policy of the Board of Governors or the District, then that program or appropriation shall be discontinued by direction of the CEO until further review is accomplished and an appropriate adjustment is made.

The board of directors of an auxiliary organization shall approve all expenditure authorizations and fund appropriations.

## **Records and Annual Report of Auxiliary Organizations**

- Personnel and payroll records shall be maintained as permanent records by each auxiliary organization.

Adequate records of all transactions of an auxiliary organization shall be maintained for a minimum of five years. Transactions of the organization include, but are not limited to, purchases, disbursements, and investments.

An annual report shall be submitted to the Board of directors of the auxiliary organization and to the CEO by September 15. The report shall include, but is not limited to:

- All financial statements required to be filed with the State Chancellor's Office
- A comparison of budgeted and actual expenditures
- A description of major accomplishments of the organization
- A description of improvements proposed for operation of the organization.

## **Annual Audit**

Each auxiliary organization shall have an annual fiscal audit of any and all funds. The audit shall be performed by a certified public accountant in accordance with procedures prescribed by the Board of Governors, as contained in the California Community College Auxiliary Organization Accounting and Reporting System, as updated and amended from time to time. Copies of the annual audit report shall be submitted to the Board of Trustees and to the state Chancellor's Office within

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30 days after it is received by the auxiliary organization. Thereafter, it shall be a public record, except as otherwise provided by law.

Such audits may be conducted as part of a fiscal audit of the District itself.

Auxiliary organizations shall annually publish an audited statement of their financial condition, which shall be disseminated as widely as feasible and be available to any person on request. A reasonable fee may be charged to cover the costs of providing a copy. An auxiliary organization shall comply with this requirement by:

- Publishing the audited financial statement in a campus newspaper; or
- Publishing a notice in a campus newspaper indicating the on-campus location where copies of the financial statement may be obtained or reviewed; or
- Publishing or noticing the audited statement in a campus bulletin or other appropriate medium if a campus newspaper is unavailable.

## **Insurance**

An auxiliary organization shall secure and maintain insurance adequate to protect its operations from catastrophic losses and as required by law, including but not limited to, the following:

- Comprehensive liability;
- Property and extended coverage, when applicable;
- All risks, money and securities;
- Fidelity and performance bonds covering its chief fiscal officer;
- Automotive liability when applicable; and
- Workers' Compensation

A copy of each policy or endorsement or insurance certificates setting forth the coverage and limits shall be provided to the District within 30 days from the receipt of the document.

In obtaining the insurance coverage, the auxiliary organization may secure the insurance directly through its own broker or through the District.

## **Auxiliary Organizations: Use of Facilities**

Facilities may be made available by the District to an auxiliary organization to perform the functions specified in these regulations or in an agreement, under the following circumstances:

Lassen Community College provides outstanding programs for all pursuing higher education goals. The core programs offer a wide range of educational opportunities including transfer degrees and certificates, economic and workforce development, and basic skills instruction. The college serves students, both on campus and in outreach areas, in its effort to build intellectual growth, human perspective and economic potential.



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- The auxiliary organization may occupy, operate and use such District facilities as are mutually identified as appropriate for the functions and/or activities that have been undertaken by the auxiliary organization.
- The auxiliary organization shall pay to the District a charge or rental for the District facilities to be used by it in connection with the performance of its function or functions.
- The charge or rental to be paid by the auxiliary organization shall not require involved methods of computation, and shall be identified by the District and the auxiliary organization in sufficient time before it is incurred so that the auxiliary organization may determine to what extent it shall be liable.
- The charge or rental to be incurred by an auxiliary organization for use of District facilities in excess of five days shall be incorporated into the agreement between the parties.
- An auxiliary organization shall provide full reimbursement to the District for any services performed by District employees under the direction of the auxiliary organization. Methods of pro-rata where services are performed by District employees for the auxiliary organization shall be simple and equitable.

## **List of Auxiliary Organizations in Good Standing**

Each year, the CEO shall provide to the Board of Trustees a list of all auxiliary organizations in good standing. All auxiliary organizations which, after periodic review in the manner specified hereinafter in these regulations, are found to be in compliance with applicable laws, policies and regulations shall be included in the list.

When the CEO has reason to believe that a particular organization should be removed from the list of auxiliary organizations in good standing, a conference shall be held to determine whether such grounds for removal do in fact exist. The Board of directors of such organization shall be entitled to participate in this conference, and shall have a minimum of one-month notice to prepare response to the issues that have been raised.

Based upon such conference, the CEO shall decide whether the particular organization shall be removed from the list of auxiliary organizations in good standing.

An organization so removed shall not be permitted to do any of the following:

- Use the name of the District;

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- Have as a director any official in the District acting in his/her official capacity;
- Operate a commercial service for the benefit of the District or any of its Colleges; and
- Receive gifts, property or funds to be used for the benefit of the District or any of its Colleges.

If the auxiliary organization is dissolved or ceases operations upon removal from the list of organizations in good standing, its net assets and liabilities shall be distributed according to the terms of the written agreement between the organization and the District.

### **Limitation on Transfer of Funds to Auxiliary Organizations**

No funds or resources, other than funds or resources derived from gifts or bequests, shall be transferred by the District to any of its auxiliary organizations.

### **Compliance Review by CEO**

All auxiliary organization procedures and practices, written agreements, articles of incorporation and bylaws shall be reviewed to determine compliance with Education Code Section 72670 et seq., and the policies, rules and regulations of the Board of Governors, and of the District. The CEO of the District shall designate an individual to conduct this review, which shall be conducted at the end of the first complete fiscal year after its establishment and at least once every three years thereafter. When the CEO's designee determines, after inspection and review, that certain auxiliary organization procedures and practices are not in compliance with policies, rules and regulations of the Board of Governors and the District, a recommendation concerning the items of noncompliance shall be communicated in writing to the CEO and to the Board of directors of the auxiliary organization. The Board of directors shall reply in writing within one month, either describing the actions which will be taken, including time table, to bring said procedures and practices into compliance; or describing the reasons why the Board considers the procedures already to be in compliance.

If the CEO's designee considers the proposed corrective actions to be acceptable, the auxiliary organization shall be so informed. A second compliance review shall be held at the end of the time agreed to and the results communicated in writing to the CEO and to the Board of directors.

When the auxiliary organization fails to provide an acceptable proposal for corrective actions or fails to implement successful corrective actions within the

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agreed upon time, the CEO shall inform the Board of directors of such further action as he/she considers appropriate, which may include a recommendation to the Board of Trustees for termination of the contract.

## **Revision of Rules and Procedures and Reports to the State Chancellor's Office**

Rules and procedures for the administration of auxiliary organizations may be revised as necessary by the CEO or designee. The Board of directors of each auxiliary organization in good standing shall be promptly notified in writing of such revisions and be informed of the date by which any changes in the organization's procedures must be accomplished.

Any such revisions shall be submitted to the state Chancellor's Office for approval.

The District shall report, as may be required from time to time, on the operation of its auxiliary organizations.

Office of Primary Responsibility: \_\_\_\_\_

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**NOTE:** This procedure is **legally required**. The **red ink** is language recommended by the Community College League and legal counsel (Liebert Cassidy Whitmore). The wording in **black ink** is from current Lassen College Policy 1900 titled Implementing Regulations – Auxiliary Organizations approved on 12/12/06. The information in **blue ink** is language to consider including.

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### **Date Approved:**

*(Replaces current Lassen College Policy 1900)*