

# Peralta CCD Trustees' Retreat

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## TEAMWORK

TEAMWORK IS THE ABILITY TO WORK

TOGETHER TOWARD A COMMON VISION. THE ABILITY TO

DIRECT INDIVIDUAL ACCOMPLISHMENT TOWARD ORGANIZATIONAL

OBJECTIVES. IT IS THE FUEL THAT ALLOWS COMMON PEOPLE

TO ATTAIN UNCOMMON RESULTS.

# Introductions

T E A M W O R K

- Who are you?
- How long on the Board?
- What is the biggest challenge facing the Peralta Community College District?

# Retreat Agenda

T E A M W O R K

- Ground Rules
- Board Questions
- Effective Board Practices
- Trustees Financial Responsibilities
- Questions

# Proposed Ground Rules

T E A M W O R K

- Board Member Questions?

# Ground Rules

T E A M W O R K

- Be on time (from breaks, lunch, etc.)
- Everyone participates.
- Stay within the agreed upon objective / agenda.
- No private conversations.
- Say what's on your mind to all.
- Listen for content before forming an opinion (open your mind to others).
- Suspend judgment until there has been sufficient discussion and data.
- Be specific and use examples, provide data when possible.
- It is okay to disagree but be open to new ideas and don't be caught up in your own visions.
- All topics/issues are fair game.
- No cheap shots (woofing / trash talking).
- No Hogging / Frogging /or Bogging.

# Board Discussion

T E A M W O R K

- Why are Ground Rules important for your regular meetings as well?
- Will you commit to following Ground Rules during this meeting?

# Board Governance

T E A M W O R K

**There are 2 challenges for Trustees. Regulatory compliance and High Performance. Setting standards of excellence and measuring performance will help meet both challenges.**

# Teamwork

T E A M W O R K

- **A high-performing Trustee Board, like a high-performing corporate team:**
  - **is competent,**
  - **coordinated,**
  - **collegial,**
  - **and focused on unambiguous goals.**

# What Makes a High Performing Board?



T E A M W O R K

**To achieve high performance, Trustees need to work as a team and critical to being a team is retaining a climate of trust and respect.**

# All the Right Stuff for Board Effectiveness



T E A M W O R K

- **The Right Mind Set**
- **The Right Role**
- **The Right Work**
- **The Right People**
- **The Right Agenda**
- **The Right Information**
- **The Right Culture**

# 1. The Right Mind-Set

T E A M W O R K

- Board building is on-going, a process of continuous improvement, which means Boards must keep coming back to the same questions about purpose, resources, and effectiveness.

# Self-Assessment Process

T E A M W O R K

- **Self-assessment should not be a cursory glance in the mirror or performed in a vacuum.**
- **Rather it needs to be a periodic & exhaustive culling of quantitative and qualitative data through:**
  - **Self-Evaluation,**
  - **Confidential Interviews or Facilitated Group Discussions & Surveys**

# Board Discussion

T E A M W O R K

- How does your Board evaluate its' performance?
- What does, the Board, need to do to improve its' performance?

# 2. The Right Role

T E A M W O R K

- Like most quests for change, board building begins with a vision.

Specifically, boards must engage in discussions and decide upon the College's direction for the future, specifically the vision and strategic plan.

# Right Role

T E A M W O R K

- Board discussions should be viewed as consensus building not debate.
- Policy focus on “what” not the “how”.
- Boards lead - not manage.

# Board Discussion

T E A M W O R K

- Does your Board have a vision for the College?
- If yes, how often is it revisited? If no, when will you establish a vision for the college?
- How often does the Board engage in discussions to develop a common vision for programs provided by the college?

# 3. The Right Work

T E A M W O R K

- **Establishing and sticking to an overarching level of engagement helps Trustees set expectations and ground rules for their roles relative to the President's role.**

(Again, focus on “what” not the “how”, and don't allow your focus to be diverted.)

# The Right Work

T E A M W O R K

- Manage Agendas to include Leadership Opportunities not just fiduciary decisions.
- As a Leadership Team, individual Board members can not participate in operational decisions/ processes.

# Board Discussion

T E A M W O R K

- How long do your meetings take?
- Over the past year what percentage of time spent in Board meetings does the board engage in Strategic Planning? How much in vision development or consensus building?
- Does the Board ever instruct the CEO/staff on how to accomplish certain goals or tasks?

# 4. The Right People

T E A M W O R K

- A team is only as good as its members, and high-quality Trustees are sometimes scarce.
- Most of the time we cannot choose new Trustees, but we can build their resources. New Trustee Orientation is the critical 1<sup>st</sup> step to the success of the board and the trustee.
- Trustees must engage in on-going training and education to remain effective

# Board Self-Help

T E A M W O R K

- **Boards must recognize which Trustees need help, and then provide the help thru mentoring, education, coaching, establishing ground rules, and enforcing state and local laws, policies, regulations and ground rules.**
- **Only the Board can regulate its members!**

# Steps for Trustee Assistance

T E A M W O R K

- Board Policies
- New Trustee Orientation
- Mentoring
- Continuous Training
- Individual Coaching
- Board Warning
- Board Censorship
- Legal Action

# Great People or Great Board?

T E A M W O R K

“The most effective way to forge a winning team is to call on the player’s needs to connect with something larger than themselves.”

- Phil Jackson, Former Coach of the Chicago Bulls.

# Board Discussion

T E A M W O R K

- What kind of training or professional trustee development does your Board participate in either individually or as a team?
- How does your Board mentor new trustees?
- What is in your Board policies on Trustee Development and Trustee Discipline?

# 5. The Right Agenda

T E A M W O R K

- **Agenda management is a mundane-sounding subject if ever there was one.**
- **Agendas, however, dictate what the board discusses and at what length. To control the agenda is to control the work of the board.**

# Impact of the Agenda

TEAMWORK

- **With the call to accountability and higher performance, Trustee Boards can no longer doze behind the wheel while management steers.**
- **Alternatively, after each board meeting, the Board President and the College President can collectively set the agenda for the next meeting.**

# Corporate Example

T E A M W O R K

- **The board at Target, has transformed agenda management into something of an art. At the start of each year, the board sets three top priorities—for example, strategic direction, capital allocation, and succession planning. It then places each topic at the top of the agenda for at least one upcoming meeting. Target’s board also devotes one meeting a year to setting the strategic direction for each major operating division, an acknowledgement of the company’s growing complexity.**

# College Example

T E A M W O R K

- Other Possible Major Board Discussion Topics:
  - College Budget focused on College's mission
  - College Budget focused on the Unfunded Liability for Retirees' Health Care.
  - Student success / Student Learning Outcomes
  - Economic Development
- Performance Measurement Reports:
  - Key Performance Indicators
  - Performance Goals

# Board Discussion

T E A M W O R K

- How much time is spent at your Board meetings receiving reports and/or receiving information?
- Are each of your Board meeting agenda items connected to the College's vision, mission or strategic goals?

# 6. The Right Information

TEAMWORK

- “There are two equally effective ways of keeping a board in the dark.
  - One is to provide them with too little information.
  - The other, ironically, is to provide too much.”
- The Board must communicate its information needs to the staff. And staff must adjust the information load by trustee.

# How Information Reaches the Board



T E A M W O R K

- Boards often subsist on just two sources of information.
  - The first is retrospective data on the College’s performance and operations—in other words, trailing indicators.
  - The second is presentations by management—particularly by the President, whose articulation of the future and interpretation of financials significantly shape boards’ views.

# President's Responsibility

T E A M W O R K

- It is the President's responsibility to ensure that the board receives the right information at the right time and in the right format to perform their duties.
- The best boards design processes to deliver formal information that combines both leading and lagging performance indicators associated with their goals.

# Board Discussion

T E A M W O R K

- Do you receive the agenda packet in a timely manner?
- Do you have sufficient time to consider the items on the Board agenda?
- How do you get answers to questions you have about agenda items?

# 7. The Right Culture

T E A M W O R K

- Against a backdrop of governance progress, many boards appear afraid to engage in open and contested discussions of issues.
- No one argues passionately about anything.
- Robert's Rules of Order prevail as a requirement for lock step.

# Open Discussions

T E A M W O R K

**Engaged cultures are characterized by candor and a willingness to challenge, and they reflect the social and work dynamics of a high-performance team.**

# Do You Have an Engaged Culture?



T E A M W O R K

- Culture, by contrast, develops over time and tends to reward those who perpetuate it, making it difficult to change.
- Trust and respect between and among the Trustees is critical to the successful development of an engaged culture by the Board. Likewise the trust and respect between the Board and the CEO are also critical.



# A Trustee is not:

T E A M W O R K

- You are not there to represent your profession or a single/special interest
- You have no authority as an individual trustee to lead or direct
- You cannot make promises as an individual trustee for the Board or the College

# Board Functions not micromanaging

T E A M W O R K

- The Board Establishes Policy:
  - Contribute to, question, act on, and develop policy as a team
  - Establish expectations for the results of the institution's efforts
  - Is the difference in the community because of your college
  - Adopt mission, vision, and goals as policy

# CEO / Board Relationship

T E A M W O R K

- Build Trust between the Board & the CEO
- Avoid Public Conflict
- Expect & Provide Commitment to Board decisions
- Hold the CEO Accountable
- Focus on Results
- Maintain Open Communication
- The CEO is your **only** employee!



# The Board Establishes the College's Climate

T E A M W O R K

- Board behavior sends a message
- Focus on Student Success & learning
- Focus on Community Service
- Support innovation and leadership

# Questions

T E A M W O R K



# Final tips: The Board Leads as an Educated Team



T E A M W O R K

- Work as a Team
- Build trust, avoid destructive conflict, provide commitment, be accountable, and focus on results.
- Act with intelligence, respect, care, and integrity
- Be future-oriented



# Effective Board Tips

T E A M W O R K

- Focus on policy and institutional performance
- Provide proactive, visionary leadership
- Be externally focused
- Envision and shape institutional direction and assure that the mission is achieved

# Trustee's Financial Responsibilities



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# The Annual Budget

T E A M W O R K



# Annual Budget

T E A M W O R K

- Implements organizational direction
- Must be balanced & sets budgetary limits
- Process & details must be transparent to the public
- Must comply with state law and system regulations

**(TIP: Never look at just one year's budget in isolation – each budget should be viewed as to its potential impact upon future budgets – look ahead!)**

# Budget test – which is false?

T E A M W O R K

1. The budget must contain a 5% reserve.
2. Less than 50% of the budget may be spent on administrative functions.
3. The budget must be adopted by the Board by June 30<sup>th</sup> of each year.
4. The Board must approve the budget in open session.

# Reading a Budget

T E A M W O R K

- Fiscal Years – more than one should be described (Actual, Unaudited, Proposed)
- Major Sources of Income
  - Beginning Balance
  - Federal Revenues
  - State General Apportionment
  - State Lottery
  - Local Secured Taxes
  - Enrollment Fees

# Reading a Budget

T E A M W O R K

- Major Expenditures
  - Academic Salaries
  - Classified Salaries
  - Total Employee Benefits
    - Health Insurance
  - Utilities / Leases
  - Debt Retirement
- Reserves
  - Contingencies
  - Retiree Benefit Liability

# How Much is in your budget for salaries & benefits



T E A M W O R K

1. More than 95% of budget
2. Between 90% and 95%
3. Between 85% and 90%
4. Between 75% and 85%
5. Below 75%

**TIP:** Aim for below 85% - Below 80% is better  
& below 75% is best.

# Trustees' Control of the Budget

T E A M W O R K

- 80% to 92% of the budget is salaries & benefits.
- 5% of the budget is for contingency
- 1% - 3% of the budget is for utilities
- 1% to 3% of the budget may fund the unfunded liability for retiree health insurance
- How much is left?

# Budget Criteria & Policies

T E A M W O R K

- What are the policies: (Example: A BOT Policy on the % of annual expenditures to be in the College's General Fund Reserve Account)
- Why have such policies: (To guide the administration on the development and implementation of the budget).
- When do you test: (Periodically, with the proposed budget, with quarterly financial reports, and with the annual financial audit).

# Sample Budget Criteria

T E A M W O R K

- We will develop a budget that:
  - achieves and maintains at least a 5% contingency reserve in the General Fund
  - Is balanced
  - Includes all known and projected increases in fixed costs
  - Includes reasonable provisions to cover all known or projected liabilities to the District.

# Periodic Reports

T E A M W O R K



# Monthly Reports

T E A M W O R K



- Boards must approve expenditures
- Boards may also authorize administration approvals with limits and Board approves decisions by administration.
- What are appropriate questions and process of questioning?

# Format of Monthly Approval

T E A M W O R K

1. Part of Consent Agenda
2. Part of Regular Action Agenda
3. Agenda Item includes individual warrants and description of expenditure
4. May be reviewed initially by a Board Committee

# Quarterly Financial Reports

T E A M W O R K

- Periodic reports of management about adherence to the Annual budget and any changes that may impact future expenditures and revenues.
- Covers financial quarters – Generally available in October, January, April, and August (may vary by district).
- Must be provided to system office, trustees, and public.
- Depending on your District's structure & practice may have Audit Committee review & comment thereon.

# Has your Board adopted quarterly or annual financial benchmarks?



T E A M W O R K

**1. Yes**

**2. No**

# Quarterly Benchmarks

T E A M W O R K

- Does the percentage of expenditures exceed the percentage of revenues?
- Does the percentage of expenditures exceed the percentage of budget year?
- Has the percentage for reserves dropped below Board's established limit?
- Does any expenditure category exceed 100% prior to the end of the fiscal year?

# Annual Financial Benchmarks

T E A M W O R K

- The % of annual payments for long term debt divided by annual revenues budget should be less than 5%.
- The % of the value of deferred maintenance divided by value of entire plant should be less than 10%.
- A 5 to 10 year trend line for the total revenues budget.
- % year trend for % of Budget allocated for Salaries & Benefits

# Multi-Year Trends

T E A M W O R K

- Measurements:
  - Deficit Spending
  - Impacts upon the General Fund Balances
  - Costs of Retirees Health Insurance Coverage
  - Long Term Costs of Labor Agreements
  - Long Term Costs of Debt Service
  - Enrollment & productivity trends
  - Condition of Facilities
- Example: The % of \$ value of total out years for labor agreements divided by current value of labor agreements as compared to the projected COLA % changes.

# Annual Financial Audit

T E A M W O R K



# Why Audit

T E A M W O R K

Required by Law but beyond that:

- To assure Accuracy of Financial Reports
- To assure Compliance with laws, regulations and trustee policies.
- To assure trustee Compliance with federal and state requirements.
- Can be used to test college systems to assure security of funds and important resources (data security).

**TIP:** Audits are based upon sampling and review of internal control procedures. No audit will provide a complete validation of the above mentioned items.

# Trustees' Audit Role

(working with the College's Administration & Auditors)

T E A M W O R K

- To select an independent auditor.
- To review and understand the District's financial statements (possibly including the District's quarterly financial reports).
- To assure that the financial statements reflect the District's financial condition.

# Additional Trustees' Audit Role

T E A M W O R K

- To determine the adequacy of internal controls, including those established for financial information systems.
- To assure that any significant noncompliance with regulatory matters have been brought to their attention and that a plan for correction is in place.

# An Audit Committee's Duties (working with the College's Administration & Auditors)



T E A M W O R K

- Select the independent auditor.
- Meet with the auditor before starting audit.
- Meet again with the auditors to review the completed audit and any reports (adequacy of internal controls, management letter of recommendations, and other findings).
- Schedule additional meetings with the administration if the auditor has issued a letter identifying any internal control weaknesses.
- Present the audit report to the full Board.
- Review follow up responses by administration to management letter recommendations.
- May monitor the institution's conflict of interest policy.

# Sample Questions to ask Auditors



T E A M W O R K

- Where is our District financially vulnerable?
- **How can the Trustees and senior management of the District establish an improved financial environment in the District?**
- Are there any areas of the audit that District management and the auditor disagree upon?

# Sample Trustee Audit Concerns

T E A M W O R K

- Does the audit find that the District's financial statements comply with the required governmental Accounting Standards?
- Has the auditing firm issued any Findings within the financial audit?
- Are there any Notes on Internal Controls concerning the District's management of the budget and accounting systems?
- Is the audit of the District's financial statements qualified or unqualified?

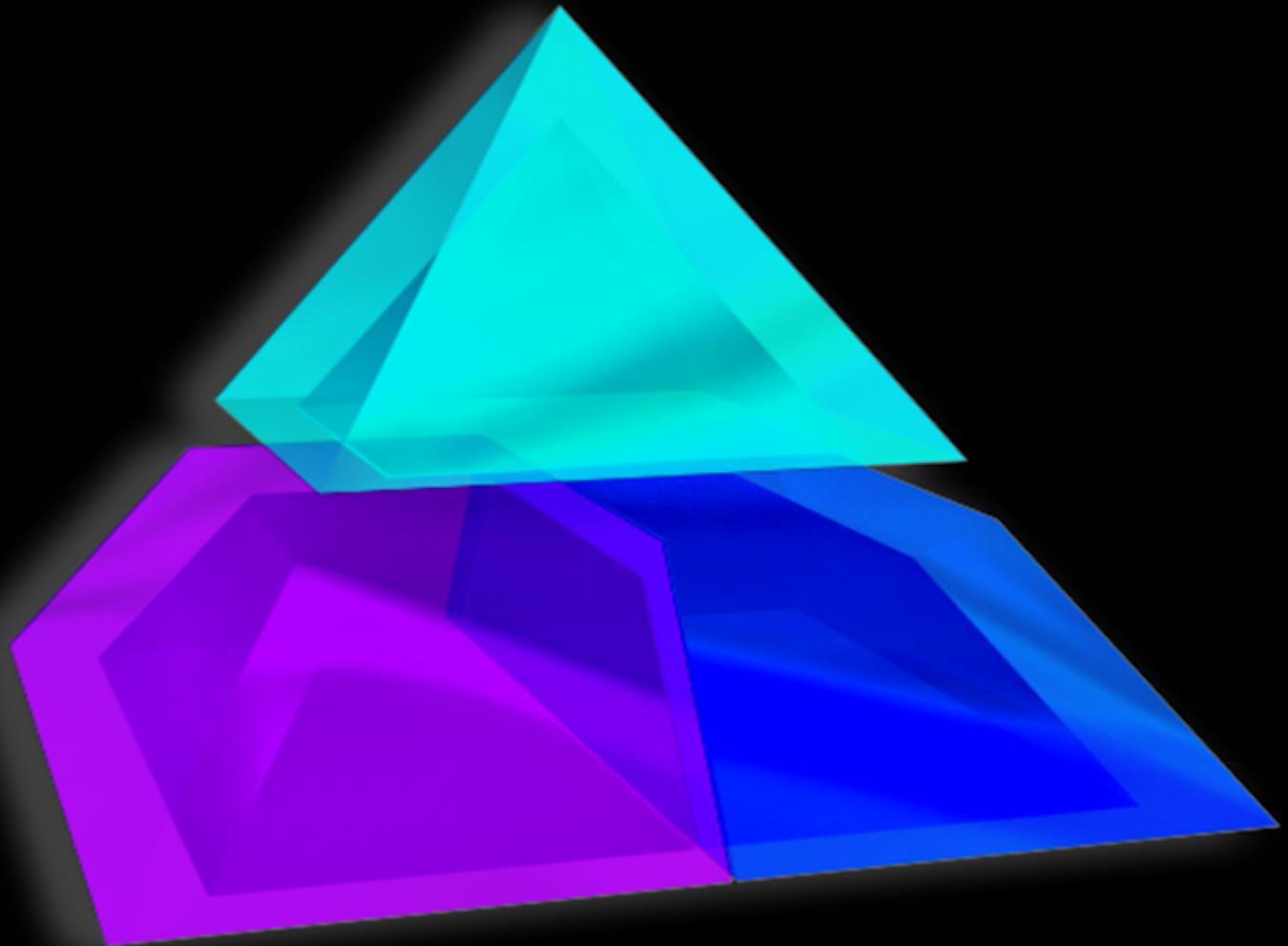
# Questions all Trustees Should Ask

T E A M W O R K

- Has your District completed an annual financial audit of the past year's financial information? If not – why not?
- Does the audit find that the District's financial statements comply with the required governmental Accounting Standards Board Statements No. 34? If not – why not?
- Within the Statement of Cash Flows section of the audit is there a net decrease in cash? If yes, what is the District's plan for overcoming this problem in the next fiscal year?
- Has the auditing firm issued any Findings within the financial audit? If so, what will the District's response be to the findings?

# Other Fiduciary Issues

TEAMWORK



# Other Resources

T E A M W O R K

- Facilities / Facility Condition Index & Facilities Master Plan
- Human Resources / Succession Planning
- Technology Resources / Plan for Replacement & Innovation
- Educational Master Plan & the Budget
- Investment of Reserved Funds

# Time Lines

T E A M W O R K

- Annually, the Board of Trustees adopts an Annual Budget and associated Budget Administration Policies.
- Monthly, the CEO provides a report to the Board on the amount of the expenditures for the previous month.
- Quarterly, the CEO provides to the Board a Quarterly Financial Report and asks for Board approval of the same.
- Annually, the Board, using an auditor, reviews the financial reports of the College to assure their accuracy.
- Special annual reports on Bond fund expenditures and performance must also occur.

# Key Points

T E A M W O R K

- **Annual Budget** – Establishes college's direction and expenditure limitations in compliance with Trustee's vision and policies, state law and system regulations.
- **Quarterly financial reports** – report changes to adopted budget and future financial impacts.
- **Annual Financial Audit** – Evaluates management's financial information provided during the year and to test compliance with policies, laws, and regulations.
- **Multi-year Trending** – Tracks progress towards future vision of college.

# Best Tip

T E A M W O R K

- Hire a Well Qualified Staff.

# Summary

T E A M W O R K

- While the financial responsibilities of the Board are not your most important – they are critical to the success of your college and more importantly to your students!
- Additionally, most often it is the financial difficulty of a District that has the greatest impact upon the tenure of trustees and senior administrators.

# Where to Get HELP

T E A M W O R K

- CCLC
- Fiscal Crisis & Management Assistance Team (FCMAT)
- CCCO's Watchdog List
- League publications

# Questions



T E A M W O R K

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