



MONTGOMERY COMMUNITY COLLEGE

1011 Page Street · Troy, NC 27371 · (910) 898-9600 · Toll Free (877) 572-6222

MONTGOMERY COMMUNITY COLLEGE BOARD OF TRUSTEES AGENDA

A called meeting of the Montgomery Community College Board of Trustees will be held on Wednesday, November 30, 2017 at 10:00 a.m. at the Montgomery Community College Boardroom.

Call to Order - Claudia Bulthuis, Chairman

Welcome - Claudia Bulthuis, Chairman

Approval of the Agenda - Action

Board of Ethics Reminder - Claudia Bulthuis, Chairman

In keeping with MCC Board Policy 130.05 Conflict of Interest and Chapter 138A of the North Carolina Board of Ethics, any potential or actual conflicts of interest with matters coming before the Board of Trustees should be declared. Having reviewed our agenda for this evening's meeting, are there any conflicts or potential conflicts of interest to be announced? If so, please state them at this time.

Discussion of Senate Bill 420 – Appendix A

Adjourn - Action



North Carolina
State Board of Community Colleges
 Mr. Scott Shook, Chair

MEMORANDUM

DATE: November 2, 2017

TO: Presidents
Trustees

FROM: System Governance Task Force

SUBJECT: Senate Bill 420 and State Board of Community Colleges Code Language

As you recall, State Board Chair Scott Shook assembled a group of individuals representing each member of the community college family to consider governance issues facing our system. The group, otherwise known as the System Governance Task Force is comprised of Dr. David Johnson, Dr. Debbie Lamm, Dr. Bob Shackelford, and Dr. David Shockley representing presidents; Ms. Ann Bennett-Phillips from Forsyth Tech CC, Mr. Rick Cowan from Martin CC, Ms. Beth Parrott from Davidson CCC, and Mr. Bill Turner from Cape Fear CC representing trustees; Ms. Lisa Estep, Ms. Ann Whitford, Mr. Ernie Pearson, and Mr. Jerry Vaughan representing the State Board of Community Colleges. Ms. Estep and Ms. Whitford serve as Co-Chairs.

Having much work to do, the Task Force began its work on Friday, July 21, 2017. A thorough review of Senate Bill 420 was the initial task, and over the course of several meetings, the Task Force discussed Senate Bill 420 and suggested amendments. After extensive open discussion and consideration of multiple perspectives, the Task Force proposes the following amendments:

- 1) Language requiring the State Board to define “sound fiscal and management practices”;
- 2) The State Board appointing an advisory committee to support and be a resource for any college needing assistance with taking remedial action to correct areas of noncompliance;
- 3) Requiring the advisory committee to be minimally comprised of representatives of the SBCC, the NCACCT, and the NCACCP, but allowing any other representative to serve on the advisory committee as the circumstances warrant;
- 4) Where noncompliance persists after warning and after support from the advisory committee, the State Board vacating only the terms of the leadership of the board as a means to facilitate correcting noncompliance;
- 5) Providing that the appointing authorities replace the vacated terms with new trustees; and
- 6) Only where noncompliance persists after a warning, after support from the advisory committee, and after removal of the board leadership, the State Board vacating the terms of the full board.

The revised, proposed Senate Bill 420 is attached herein for your review, and all proposed amendments are highlighted.

Additionally, the Task Force discussions led to the development of draft State Board of Community Colleges Code (SBCCC) language necessary to implement Senate Bill 420. The first such proposed item is 1A SBCCC 200.3, Sound Fiscal and Management Practices. In sum, the Task Force proposes a list of basic standards for sound fiscal and management practices that, if done, would limit the college's vulnerability to significant financial and operational problems. The Task Force's proposed language is attached herein for review.

The Task Force has worked diligently to develop proposed modifications which provide for a measured, graduated approach for addressing rare situations where a college does not independently take necessary corrective action. The Task Force has sought to balance respect for an individual college's autonomy with the need to have a clear protocol for dealing with situations that threaten to undermine the System as a whole.

The Task Force welcomes your review and feedback, including suggestions for further refinements, to these proposed amendments and SBCCC language. Please e-mail any feedback to GovernanceTaskForce@nccommunitycolleges.edu by December 1, 2017. After reviewing colleges' feedback, we plan to submit final recommended modifications and SBCCC language to the State Board of Community Colleges in early 2018.

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

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SENATE BILL 420

Short Title: CC Bd. of Trustees/Governance. (Public)

Sponsors: Senators Curtis and Barefoot (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 29, 2017

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR CIRCUMSTANCES IN WHICH THE STATE BOARD OF COMMUNITY COLLEGES MAY APPOINT AN INTERIM BOARD OF TRUSTEES TO ASSUME THE POWERS AND DUTIES OF A BOARD OF TRUSTEES; TO REQUIRE THAT A BOARD OF TRUSTEES MEET AT LEAST ONCE EVERY TWO MONTHS; AND TO AUTHORIZE THE STATE BOARD OF COMMUNITY COLLEGES TO REQUIRE FINANCIAL AUDITS IN CERTAIN CIRCUMSTANCES.

The General Assembly of North Carolina enacts:

SECTION 1. Article 1 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-6.5. Notice of noncompliance; appointment of an interim board of trustees.

(a) Notice. – The State Board of Community Colleges is responsible for assuring that boards of trustees of the community colleges comply with applicable State laws, rules, and sound fiscal and management practices, as defined in State Board policy. In addition to any actions taken by the State Board under G.S. 115D-6(3), if the State Board finds that a board of trustees of a community college has willfully, or as a result of gross negligence, failed to or refused to comply with applicable State laws, rules, and sound fiscal and management practices, the State Board may issue a written notice to the board of trustees of its findings and direct the board of trustees to take remedial action immediately to address those findings upon receipt of the notice. If the State Board finds the college needs assistance with taking remedial action, the State Board may also appoint an advisory committee to provide support and recommendations to the college. At a minimum, the advisory committee shall consist of representatives of the State Board of Community Colleges, the North Carolina Association of Community College Trustees, the North Carolina Association of Community College Presidents, and the System Office.

(b) Resolution. – If, after receipt of the notice issued under subsection (a) of this section, a board of trustees willfully, or as a result of gross negligence, persists in refusing or failing to comply with the State laws, rules, or sound fiscal and management practices identified in the notice, the State Board of Community Colleges may adopt a resolution, upon approval of at least two-thirds of the members of the State Board attending the meeting in which the resolution is considered, to vacate the terms of the leadership of the board of trustees to include, but not limited to, chair and vice-chair, and appoint an interim board of trustees to assume the duties and

responsibilities of that board of trustees. The respective appointing authorities shall appoint trustees to fulfill the vacated terms and shall not appoint members whose terms were vacated pursuant to this section. If, after the removal of the leadership of the board of trustees, a board of trustees willfully, or as a result of gross negligence, persists in refusing or failing to comply with the State laws, rules, or sound fiscal and management practices identified in the notice, the State Board of Community Colleges may adopt a resolution, upon approval of at least two-thirds of the members of the State Board attending the meeting in which the resolution is considered, to vacate the terms of the full board of trustees. Prior to adopting ~~the~~ either resolution, the State Board shall consult with the appointing authorities of the board of trustees and representatives of the North Carolina Association of Community College Trustees and the North Carolina Association of Community College Presidents regarding the proposed resolution. The State Board shall only exercise this authority as an extraordinary remedy utilized in the most extreme circumstances.

(c) Interim Board Assumption of Powers and Duties. – The adoption of the resolution to remove the full board under this section shall have the effect of vacating the terms of all of the members serving on the board of trustees. Notwithstanding G.S. 115D-12, the State Board of Community Colleges shall appoint an interim five-member board of trustees for a period not to exceed 12 months with input from the advisory committee listed in subsection (a) of this section. To preserve local autonomy, the appointing authorities of the local administrative area of the community college under G.S. 115D-12 shall make recommendations to the State Board on the appointment of the members to the interim board of trustees. At the end of the period of service of the interim board of trustees, a board of trustees for the community college shall be appointed in accordance with G.S. 115D-12. Initial terms of members of the new board of trustees shall be staggered to align with the remainder of the vacated terms of the members of the board of trustees.

(d) Notice to the General Assembly. – Within 60 days of the adoption of the resolution to remove the full board under this section, the State Board shall report to the General Assembly in accordance with G.S. 120-29.5 on the adoption of the resolution, the interim board of trustees appointed by the State Board, and any legislative recommendations necessary in regard to the future governance of the community college.

(e) State Board Policy. – The State Board of Community Colleges shall adopt any policies necessary to implement the provisions of this section."

SECTION 2. G.S. 115D-18 reads as rewritten:

"§ 115D-18. Organization of boards; meetings.

At the first meeting after its selection, each board of trustees shall elect from its membership a ~~chairman, chair,~~ who shall preside at all board meetings, and a ~~vice chairman, vice-chair,~~ who shall preside in the absence of the ~~chairman, chair.~~ The trustees shall also elect a secretary, who may be a trustee, to keep the minutes of all board meetings. All three officers of the board shall be elected for a period of one year but shall be eligible for reelection by the board.

Each board of trustees shall meet as often as may be necessary for the conduct of the business of the institution but shall meet at least once every ~~three~~ two months. Meetings may be called by the ~~chairman, chair~~ of the board, a majority of the trustees, or the chief administrative officer of the institution."

SECTION 3. G.S. 115D-58.16(a) reads as rewritten:

"(a) Each community college shall be subject to a financial audit a minimum of once every two years. Community colleges may use State funds to contract with the State Auditor or with a certified public accountant to perform the audits. The colleges shall submit the results of the audits to the State Board of Community Colleges. The State Board of Community Colleges may require

a community college to be audited annually after the community college has two consecutive financial audits with findings.

The State Board of Community Colleges shall ensure that all colleges are audited in accordance with this section."

SECTION 4. This act is effective when it becomes law.

1 STATE BOARD OF COMMUNITY COLLEGES CODE

2 TITLE 1 – COMMUNITY COLLEGES

3
4 CHAPTER A. STATE BOARD GOVERNANCE

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6 SUBCHAPTER 200. STATE BOARD AUTHORITY

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8 **1A SBCCC 200.3 Sound Fiscal and Management Practices**

9 (a) Local boards of trustees shall adopt policies that assure a community college has
10 sound fiscal and management practices. Policies to assure sound fiscal and
11 management practices shall include at least the following:

12 (1) Expending funds prudently and consistently with the approved budget.

13 (2) Demonstrating stewardship of the institution's financial resources by effectively
14 executing the institution's budget to ensure that the amount of funds that revert to
15 the State or local tax-levying authority do not exceed three times the average
16 reversion percentage of all community colleges.

17 (3) Ensuring that institutional fund accounts do not have a negative balance at the end
18 of the fiscal year.

19 (4) Tracking expenditures consistent with the North Carolina Community College
20 System's Chart of Accounts, as outlined in the NC Community College System
21 Accounting Procedures Manual.

22 (5) Providing financial reports to the local boards of trustees at intervals determined
23 by the local board of trustees.

24 (6) Maintaining a system of internal controls as prescribed by G.S. 143D-7.

25 (7) Ensuring the college does not overdraw accounts by:

26 (A) Reconciling bank accounts within an average of 30 business days from the end
27 of the prior month or less.

28 (B) Resolving discrepancies within an average of 30 days from the end of the prior
29 month or less.

30 (8) Submitting complete and accurate financial statements to the North Carolina Office
31 of the State Controller by the prescribed deadline.

Commented [QSM1]: The Task Force will adjust this formula after review of the actual data.

1 (9) Ensuring that audits are conducted consistent with G.S. 115D-20(9) and G.S.
2 115D-58.16.

3 (10) Addressing any findings identified in audits, compliance reviews, SACSCOC
4 reviews, or other monitoring reviews.

5 (11) Ensuring that the college is actively seeking to fill leadership and other
6 supervisory positions in a timely manner with individuals of high competence.

7 (12) Monitoring staff turnover by providing an employee vacancy report for information
8 to the local board of trustees at least biannually.

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10 *History Note: Authority G.S. _____;*

11 *Eff. _____.*

DRAFT

