



Northern Marianas College

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Addendum to the Self-Evaluation Report of Educational Quality and Institutional Effectiveness

In support of

Reaffirmation of Accreditation

Submitted by

NORTHERN MARIANAS COLLEGE

P.O. Box 501250

Saipan, MP 96950

To:

Accrediting Commission for Community and Junior Colleges
Western Association of Schools and Colleges

September 21, 2012

ADDENDUM TO THE 2012 SELF EVALUATION REPORT

NORTHERN MARIANAS COLLEGE

Recommendation #3: *To meet the Eligibility Requirement and Standard, the team recommends that the college integrate financial planning with institutional planning and ensure that fiscal resources are adequate to support student learning programs and institutional effectiveness so that financial stability is maintained. (ER 17, Standard III.D.1.a)*

NMC has dedicated its efforts to ensuring that financial resources meet NMC's mission, student learning programs and services are maintained, continuous institutional effectiveness efforts are funded, all while conducting such efforts with integrity and financial stability. Like many other U.S. public institutions of higher learning have been experiencing, with the scarce and dwindling resources available, NMC distributes its financial resources within reasonable expectation of short-term, medium-term, and long-term financial solvency. NMC's financial practices have revolved around and supported NMC's institutional planning, as planning drives NMC's budgeting and resource allocation processes.

NMC has been placing extreme importance on the linking of financial planning to institutional planning as well as organizing financial planning into a four-phase approach, the development of resource allocation tools (Form 3) [IIID:7], peer study analysis [IIID:20], and assessment/monitoring practices. Since fiscal year 2006, NMC's budgetary process has served as the key financial planning mechanism used to integrate and link financial planning to institutional plans. NMC's drive to continuously improve upon its efforts in this area have evolved to include a resource allocation decision-making process as described in NMC's Form 3s, while incorporating the results from composite reports [IIID:9], planned budget analysis forms [IIID:8], and other assessment data to advance such purpose.

NMC's 2008 Institutional Excellence Guide [IIID:18] serves as the key guide to participatory decision making at the College. A major component that was created as a result of the guide is the Planning Program Review and Outcomes Assessment Committee (PROAC), which put together composite reports for program decision-making purposes. PROAC also developed Form 3 [IIID:7] to help assess and guide financial planning, decision making, performances of programs and services, and resource allocation. NMC revamped its Budget and Finance Committee to report to the Dean of Administration with its main focus revolving around the operational needs of NMC and adopted the President's White Paper [IIID:11] to improve upon and focus on the medium-term needs of NMC. Through the adoption of the President's White Paper, decision making on the hiring of personnel was shifted to NMC's Management Team (MT) [IIID:22]. MT is now the clearinghouse for all strategic personnel needs of the institution. Peer Study Analysis [IIID:20] data is used to compare the College's personnel needs to those of its peers. MT considers such in its personnel management decisions [IIID:22]. NMC then executes all of the above through its day-to-day operational plans [IIID:15], which links the plans all together through its institutional priorities and priority initiatives. The plans and processes described above are funded through NMC's yearly

budgeting process, which requires each department to link their financial needs to their operational plans, priority initiatives, personnel needs as described in their ESIP functions, to the institutional priorities, which is derived from the strategic plan and the mission of NMC.

NMC uses its four-phase financial management process to describe the integration of financial planning in support of institutional planning. Each phase contains important processes and tools that help link plans to each other and the funds needed to execute such plans. The four phases of the financial management process are: phase 1: Planning and Interlinking of Plans, phase 2: Resource Allocation, phase 3: Program and Service Delivery, and phase 4: Assessment and Evaluation.

Phase 1: Planning and Interlinking of Plans:

Institutional plans are reviewed and assigned accordingly to programs and services for implementation (Form 1 [IIID:23] and Form 2 [IIID:24] are instrumental in this process). In this phase, NMC's mission is linked to programs and services through each programs respective ESIPs [IIID:14]. Linked to the mission and each program's ESIPs is the NMC's PROA Strategic Plan 2008-2012 [IIID:13], which is used as the long-term overall guide of the College and its programs and services. NMC's programs and services are then linked to one or more goals and initiatives as described in the strategic plan. To accomplish such goals and initiatives, the College prioritizes the initiatives on a yearly basis. NMC then requires each program and service to create a yearly operational plan [IIID:15] with each respective goal and objective linked to the identified yearly institutional initiatives. The main link that integrates financial planning in support of institutional planning is done through the Priority Initiatives. The College prioritizes all activities within those priority initiatives and allocates funding to such.

Phase 2: Resource Allocation:

Through the yearly operational plan [IIID:15], programs and services are then allocated resources in the natural classification of budgeting (supplies, travel, etc.) to meet goals, objectives, and institutional priorities, which are all linked back to the PROA Strategic Plan 2008-2012, ESIPs, and mission of NMC. Form 3s [IIID:7], Composite Reports [IIID:9], Planned Budgets and Analysis Forms [IIID:8], Institutional Priorities, and Priority Initiatives are reviewed and prioritized to determine how much resources are to be allocated to each program or services, and thus provides each department with an operating budget to operate its programs and or service. As resources are added up for each program or service, they are grouped into their respective unit or divisions to form an overall budget. Each unit or division represents a key function of the College and has responsibility over one or more long-term strategic goals and initiatives, etc. The outcomes of the resource allocation process provides NMC with an overall picture as to how much funding was allocated to each function of the College but more importantly, it describes how much funding was allocated to accomplishing each priority initiative, strategic goal, and ultimately the mission of NMC.

Phase 3: Program and Service Delivery:

Programs and services are expected to administer and accomplish their responsibilities as assigned through their ESIP, priority initiative, goals, and objectives. Through monthly reports [IIID:25], programs and services update the management on their activities and

efforts. To support such activities and monitor funds used, NMC's Budget and Finance Offices send out monthly budgetary status reports [IIID:26], and encumbrance reports [IIID:27]. NMC also requires quarterly budget reports [IIID:28] from programs and services with updates on their spending.

Phase 4: Assessment and Evaluation:

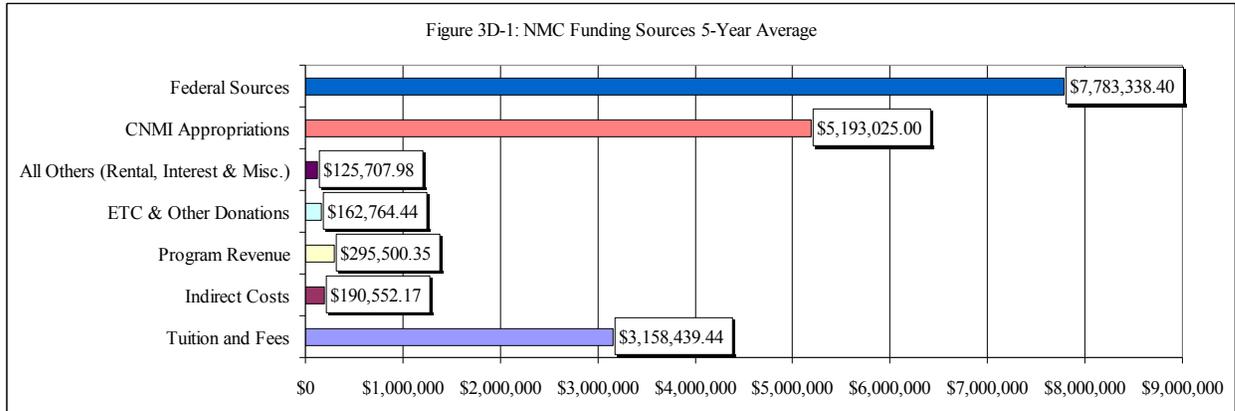
Each program and service is expected to fill out the appropriate Form 1 [IIID:23], 2, and/or 3 dependent upon the type of program or service and the cycle they are in. These Forms are submitted to PROAC for review, evaluation, and assessment and the results are incorporated into a composite report to guide decision making on program improvements and or future resource allocation. Programs and services are then required to make the necessary changes and/or adjust their resource request for the next funding cycle. For fiscal year 2012, the College provided funding for programs based on the results of PROAC's Form 3 analysis [IIID:7, IIID:19], which was then provided to the Budget and Finance Committee [IIID:21] for resource distribution. Programs either maintained, increased, or decreased the funding it received based on the Form 3 analysis and the overall projected funds available for the College for fiscal year 2012.

NMC's culture of continuous quality improvement drives NMC to strive for excellence in integrating financial planning to support institutional planning. NMC's transformation to better ensure integration comes in the development of its new Draft NMC Financial Plan. The NMC Financial Plan will include the complete identification of financial resources essential to fund existing institutional plans; transform funding allocation from what is currently practiced and considered as the "natural" allocation method (salaries, benefits, travel, etc.) to a more strategic "functional" method of allocation (instructional, student support, administration, strategic initiatives, etc). The NMC Financial Plan will then allow NMC to assign funding percentages to each function that will make goals and objectives of each short-term, medium-term, and long-term plans as well as other recognized plans more measurable. NMC will then be more able to clearly evaluate and assess its institutional plans in terms of measurable goals and objectives along with actual funding provided to such goals and objectives over an extended period of time.

The fiscal resources that NMC sources its funds from to support student learning programs and maintain financial stability are derived from seven main funding sources (See Figure IIID:1) such as Federal Sources, CNMI Appropriations, Tuition and Fees, All Others (Rental, Interest, and Miscellaneous), Educational Tax Credits (ETC) and Donations, Program Revenues, and Indirect Costs. The College is appreciative of the consistency of all these funding sources, most notably; the College continues to be grateful for the financial appropriations received from the CNMI Government. The CNMI Government's financial resources, serves as the main funding for personnel and benefits of NMC's employees (non-operational), and although the CNMI's economy continues to deteriorate, other agencies file for bankruptcy and faced closure, NMC has been fortunate enough to receive significant support from the Government and other financial sources to keep the CNMI's lone accredited institution of higher learning in fair financial standing. The College remains one of the few entities in the CNMI that was exempted from government shutdowns, maintained normal working hours and conditions, remained up to date with payments of vendors, continued

operations and delivery of its courses and services, expand its student financial aid capabilities, and continue to execute its mission, goals, and objectives. Moreover, for fiscal year 2013, the College appropriations from the CNMI government is pegged at \$5.97 million, a significant increase over fiscal year 2012.

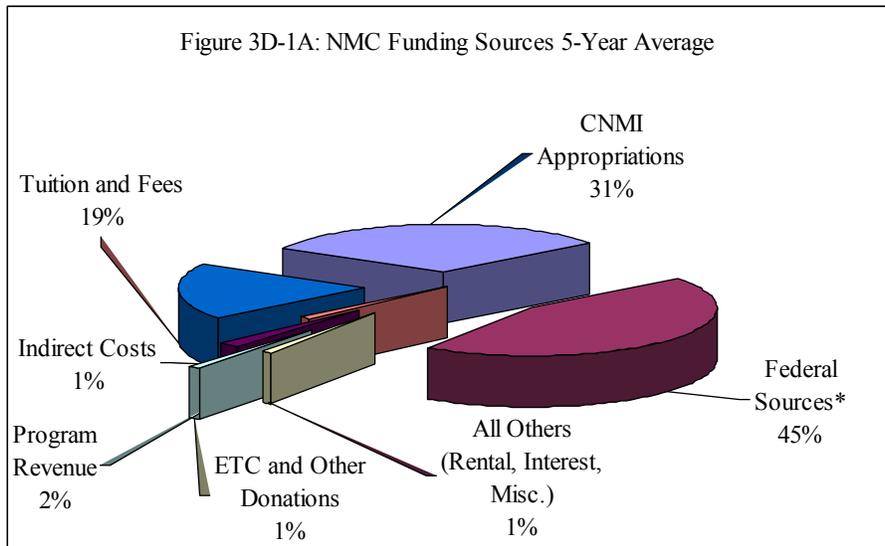
Over a five-year period, the College remained financially stable. From fiscal year 2007 through fiscal year 2011, NMC received an average of \$5.193 million a year over that five-year period. This represents an average of five percent of the entire CNMI budget available



for appropriations per year. Over that same five-year period, NMC’s financial resources collected from Tuition, Fees, and Other Sources averaged over \$3 million per year. Funds received from federal sources averaged \$7.78 million, inclusive of funds received from American Recovery and Reinvestment Act State Financial Stability Funds (ARRA SFSF), Land Grant, and federal financial aid (PELL Grants). For comparative reasons, NMC stresses that the funds from federal sources contain land grant funds that may not be available in other public institutions of higher learning. The land grant funds average close to \$3 million a year. If removed from the total funds received, the amount from federal sources would be reduced to \$4.78 million a year. In total, NMC received an average of \$16.91 million a year over that time period.

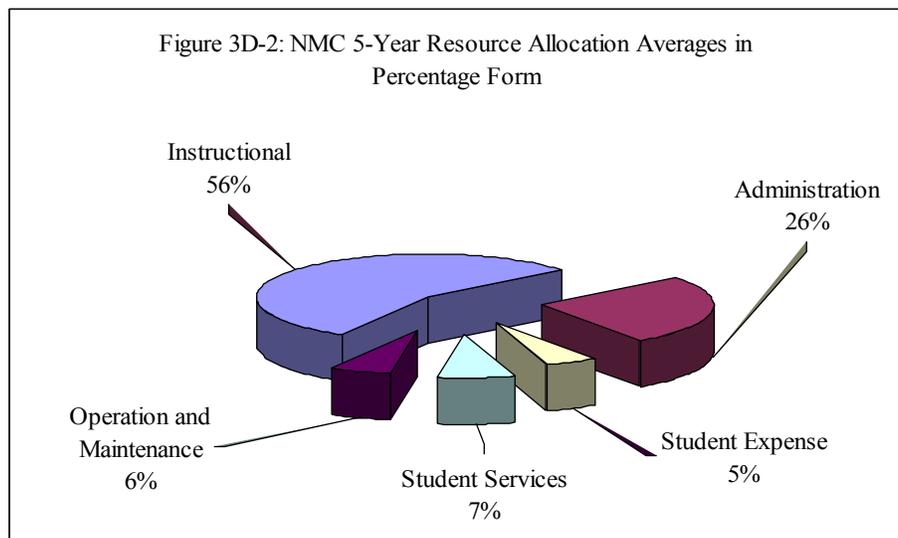
Broken down into percentages as illustrated in Figure 3D-1A, 31 percent comes from CNMI appropriations,

19 percent from Tuition and Fees, and 45 percent from federal funds*, inclusive of ARRA SFSF, Land Grant Funding, and federal financial aid – PELL Grants, if land grant funds are removed, the percentage of federal sources would be reduced to 28 percent. In comparison to public

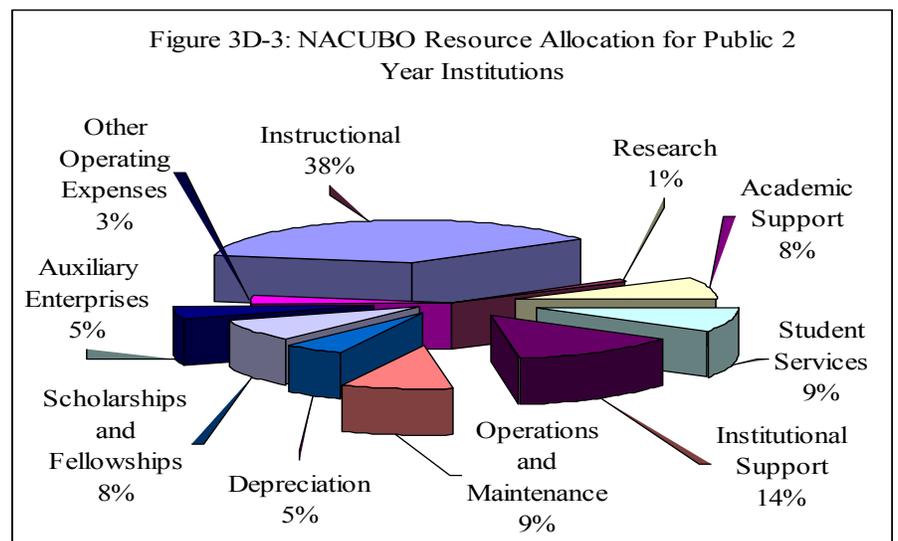


institutions as identified in the 4th Edition of “A Guide to College and University Budgeting” by Larry Goldstein (2012), NMC’s funding sources (with the exception of federal funds) are comparable and within the National Association of College and University Business Officers (NACUBO) averages for public 2-year institutions. NACUBO averages consist of 35 percent from state funding, 17 percent from tuition and fees, and 17 percent from federal funds. NMC’s financial stability starts with acquiring adequate revenue sources and carefully planning and managing the use of such scarce resources.

The allocation of NMC’s financial resources has been fairly consistent from fiscal years 2007 through 2011 (See Figure 3D-2). Emphasis of the funding revolved around maintaining and supporting existing programs and services and the resources needed to effectively run the College. NMC allocates funds within reasonable comparison of the national averages for similar functions as represented by NACUBO (See Figure 3D-3). More importantly, as shown in Figure 3D-2, NMC exceeds the



NACUBO national average for resources allocated to instructional functions. NMC allocated 56 percent of its annual resources to instructional functions (inclusive of academic support) while the NACUBO data indicates 38 percent for instructional functions and 8 percent for academic support, for a combined allocation of 46 percent. NMC allocates funds to administration (26 percent), student expenses (five percent), student services (seven percent), and operations and maintenance (six percent). In comparison, the remaining NACUBO distribution of resources are for research (less than one percent), student services (nine



percent), institutional support (14 percent), operation and maintenance of plant (nine percent), depreciation (five percent), scholarships and fellowships inclusive of student aid (eight percent), auxiliary enterprises (five percent), and other operating expenses (three percent). As described herein, NMC distributes its financial resources within range or significantly above NACUBO averages to instruction, academic support, student expenses, student services (student learning programs and services), and a fair amount to administration which is the primary allocation source for institutional effectiveness and institutional support to develop, maintain, or enhance programs and services.

The College continues its efforts to strengthen its financial conditions by maintaining an average of 94 percent collection rate on tuition and fees, efficient classroom and enrollment practices, using peer and national data for comparative decision-making, using assessment data for financial decision-making, availing national program support such as **ANAPISI**, reduced utilities and operations costs, leveraging of federal and local resources with common goals and objectives, creating a tuition and fees task force, positioning the College to implement an improved Student Information Management System, as well as the exploration of a complete Enterprise Reporting System. .

Recommendation #4: *To meet the Eligibility Requirement and Standards, the team recommends that the college assure the financial integrity and responsible use of its financial resources and ensure that the financial management system has appropriate control mechanisms and widely discriminates dependable and timely information for sound decision-making. The College must also correct noted audit findings. (ER 18, Standard III.D.2, III.D.2.a, III.2.d, III.D.2.e)*

Financial documents and independent audits reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive and timely. NMC recently adopted its revised Procurement and Property Management Manual [IIID:5] that helps to ensure the financial integrity of the institution and responsible use of financial resources; all purchase requests and contracts are subjected to a multi-layer review and approval process. The originator requesting approval is responsible for preparing appropriate procurement documents for such requests. The procurement documents are then reviewed by the department or division manager, which is further reviewed by the procurement manager, certified for financial compliance and funding availability by the finance office and ultimately reviewed and approved or returned by the Dean of Administration. Policies and procedures for various dollar amounts can be found in the procurement manual. Any expenditure over \$25,000 requires review and approval by the President and Board of Regents.

This multi-level approval process serves as a check and balance approach to protecting the integrity of and effective oversight of NMC's finances. Additionally, departments have access to accounts and encumbrance reports [IIID:26, IIID:27] by contacting our Finance and Budget Office at any time, or through their Finance and Budget Offices' monthly reports [IIID:26, IIID:27] to each department. Such reports are distributed by the 15th day of each month. A check and balance system is in place as each department is expected to monitor and track their expenses and reconcile on a regular basis with the Finance and Budget Office.

Since Fiscal Year 2008 to date, the independent third party external audits of NMC's Financial Statements [IIID:1, IIID:2, IIID:3, IIID:4], have proven to have unqualified audit opinions on its financial statements. According to the language used by NMC's Auditors' Deloitte and Touche LLC, "In our opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Marianas College as of September 30, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America." This same statement can be found in Audit Reports for fiscal years 2010, 2009, and 2008.

NMC uses Sage Accounting Software to keep the budget, expenditure details, financial reports, and available balances readily available. The financial reports system and the format of the budget document provide dependable and timely information (by the 15th of each month) for sound financial decision making by the Board, management, and expenditure authorities. Furthermore, the College met with Ellucian, a known provider of Enterprise Reporting Systems, and discussed the possibility of building a patch with Sage Accounting Software or providing the College with a compatible financial management system, which would allow users viewing capability of the financial information of the College. The College is also positioning its website to maintain pertinent financial and decision-making information online.

Another improvement that the College recently established was through the Financial Status Report (FSR) [IIID:31], which provides "real time" financial information of the College. Contained in the FSR is financial information about funding from CNMI Appropriations, NMC's Tuition and Fees, Payroll Projections, Outstanding Obligations, and Savings and Reserve Fund Balances, and other financial data. The FSR provides NMC with realistic data to be used for planning purposes.

The FSR served to be valuable in NMC's efforts to institutional and financial planning as well as resource allocation and monitoring, and gave light to the financial information needed to fully align NMC's Form 3 and data derived from program review and performance results, etc. from each department, Institutional Priorities, goals, allocation of resources. The effect of such decision was instrumental in helping NMC develop the appropriate measures needed to respond to negative or positive financial situations that arose in FY 2012. The effects also called for additional measures that NMC had to take in order to meet its mission, goals, and priorities. As a result, the budget and resource allocation process was slightly changed to reflect realistic needs, real time financial information and improved allocation and monitoring of NMC's finances.

NMC has achieved the goal of assuring financial integrity and responsible use of financial resources by making sure the financial management system has appropriate control mechanisms and by instituting procedures with fiscal, purchasing, payroll, and budget department staff to disseminate dependable and timely information for sound financial decision making. Internal control procedures are in place to assure the financial integrity of the institution and responsible use of financial resources. Financial management within NMC involves a separation of duties with financial procedures, signature requirements and the

procurement process. Furthermore, NMC is audited on an annual basis for its internal control and compliance measures and the report reveals that only one percent of NMC's funds and practices were questioned. NMC points out that the remaining 99 percent of the funds spent were within NMC policies and procedures and complied with all applicable laws and regulations. Any weaknesses in the organization's internal controls and or compliance are acted upon, resolved, or awaiting federal response or clearance on findings made.

Improving financial accountability and integrity has also been a consistent and continuous process for NMC. Audited financial statements, internal control, and compliance have continuously improved since fiscal year 2007. NMC went from having qualified audit opinions on its fiscal year 2007 financial statements to unqualified audit opinions on financial statements four years straight from 2008-2011 [IIID:1, IIID:2, IIID:3, IIID:4]. These efforts have demonstrated NMC's ability to plan and manage its financial affairs responsibly and with integrity in a manner that ensures financial stability. Factors that helped NMC improve in this area include but are not limited to experienced and knowledgeable finance and accounting related staff and management, timely responses and corrections of audit findings, approval of the revised Procurement and Property Management Manual [IIID:5], training of employees, restructuring of the organization to place the financial departments under the newly hired Dean of Administration.

NMC's continuous improvement efforts for this standard has, in accordance to comments from external auditor Mike Johnson of Deloitte and Touche LLC, expressed that NMC has improved tremendously over the past four years in terms of its financial statements, internal control and compliance [IIID:1, IIID:2, IIID:3, IIID:4]. NMC was noted for being one of the best institutions in the CNMI and region in meeting such norms.

The NMC Finance Office dedicates its human resources to conduct checks and balances of the finances and financial processes of the institution. The finance office evaluates, improves upon, and makes the necessary adjustments to the various financial systems to meet the needs of the institution and to identify and solve problems before major audit exceptions occur. When potential audit issues arise, the staff of the Finance Office brings such information to the Chief Accountant, who then reviews and provides recommendations for improvement. Evaluation and improvement are of extreme importance, considering our limited resources; thus, efficiency and effectiveness are top priorities. The staff actively participates in in-house hands-on training or external training and maintenance of support documentation as changes are implemented. The accounting systems used for the institution are constantly updated with the associated training provided.

Regular reviews and monitoring of expenditures pertaining to grants, awards, and contractual agreements ensure that the expenses are consistent with the funding agency's mandates and the district's mission and goals. In regards to management of federal financial aid, NMC continues to receive unqualified audit opinions on its financial statements, making four years straight of clean financial statements. According to the language used by Auditors' Deloitte and Touche LLC, "In our opinion, the financial statements present fairly, in all material respects, the financial position of the Northern Marianas College as of September 30, 2011, and its changes in net assets and its cash flows for the years then ended in conformity with

accounting principles generally accepted in the United States of America.” This same statement can be found in Audit Reports for fiscal years 2010, 2009, and 2008.

In efforts to maintain its financial integrity, strengthen its internal control, and ensure compliance, NMC worked closely with its programs and services, auditors, and federal partners to resolve and correct findings. Program Determination Letters (PDLs) [IIID:41, IIID:41a] dated April 8, 2011 and June 26, 2012 revealed that NMC’s audit issues for the United States Department of Education were resolved. For findings with the United States Department of Agriculture (USDA), due to transition and retirements within the USDA, the remaining findings remain under review with USDA’s recently assigned auditor, Mr. Jack Goldberg. NMC held meetings with Mr. Goldberg to resolve all pending matters with the USDA programs, as such, the USDA PDL remains pending [IIID:42].

As a result of prior years audit findings, NMC strived to make its procurement and accounting practices more stringent than those of their federal and local counterparts. In doing such, NMC remains compliant with all local regulations. NMC is periodically selected for compliance by the CNMI Office of the Public Auditor (OPA) and has implemented recommendations made by OPA [IIID:40]. Furthermore, NMC is in compliance with CNMI Public Law 17-47, which mandates NMC to submit a yearly financial report [IIID:43] (audited or unaudited) to the Governor and CNMI Legislature. Public Law 17-47 reviews how NMC expends the funding it receives from the CNMI in the various forms awarded either via appropriations, scholarships, or other funding mechanisms.

For federal programs, NMC’s internal control and compliance findings revolve around the discrepancy between federal and local regulations on small purchases, travel, equipment and real property management, and time and effort reporting. NMC believes that its practices on these matters are more stringent than the federal regulations. NMC created the 2011 Procurement and Property Management Manual [IIID:5] to strengthen its procurement and property management practices. The PPMO Manual for example, lists NMC’s small purchase thresholds to range from zero to \$2,499.00 and requires at least one quote or an open purchase order from a qualified vendor to expend funds below the \$2,499 threshold. In comparison, federal small purchase thresholds range from zero to \$250,000 and require only one quote for such purchase. NMC’s believes that the College is more accountable for small purchases by adding additional requirements for purchases above the \$2,500 range, which require three quotations, the \$10,000 range which then goes into the bidding and request for proposals process. For purchases above \$25,000, NMC requires a Board of Regents signature to ensure multilevel review. For travel, federal regulations yield determining factors to local regulations. Considering that the Commonwealth of the Northern Mariana Islands only has two U.S. affiliated carriers (United and Delta Airlines), NMC chose to solicit quotations from three travel agencies (small businesses) in efforts to make purchasing of travel more competitive [IIID:44]. For equipment and real property management, NMC conducts inventory and property management verification on biennial cycles. This action was taken as a result of previous years audit findings. In regards to time and effort reporting, NMC requires all federal employees to report their time and effort on time sheets [IIID:45], reflecting the number of hours such employee works on the projects or programs (depending on the funding source).

For Fiscal Year 2011, NMC had unqualified audit opinions on its Financial Statements. However, due to new and stricter rules and regulations of the 2011 Procurement and Property Management Manual [IIID:5], and minor transition issues, auditors found 13 findings and questioned costs for major federal award programs. Questioned costs amounted to \$22,440 (.02 percent of the total federal funds expended). In comparison to the \$11,872,542 worth of federal funding expended in FY 2011, NMC properly spent 99.98 percent of the funds used. Of the 13 findings, six are similar and related to the definition of federal vs. state definition of small purchases and travel and awaiting federal clearance. Of the remaining seven findings, five have been resolved and two are in the process of resolution. See evidence document IIID:4 for responses to the findings. Since then, the President, Dean of Administration and Procurement Manager have been working on language to be adopted to comply with small purchases and travel requirements. The Dean of Administration, Finance Office, and Federal Departments have been working on Maintenance of Effort Requirements, Time and Effort Reporting improvements, and other preventative measures.

Recommendation #10: *To meet the Standard the team recommends that the governing board engage training on the proper role and conduct of regents, general governing board relations and practice, college policy and Accreditation Standards and Commission Policy and adhere to its role in establishing policy and strategic-level decision-making; in accordance with its own policy (Standards IV.B.1, IV.B.1.b, IV.B.1.e, IV.B.1.j, IV.B.1.h)*

Board development and training continues to be a high priority for the Northern Marianas College Board of Regents (BOR or Board), as evidenced by the following: 1) Board policies that emphasize Board development and training; 2.) Regents' participation in training activities that have focused on a variety of topics aimed at enhancing the Regents' role as policy makers; and 3.) recently approved action items that further strengthen Board orientation activities.

To underscore the importance of board development, the Board of Regents adopted the "Board Member Training and Development" policy on December 23, 2010 [IVB:25]. The policy states, in part, "To be effective, all members of the Board of Regents must engage in training on the proper role and conduct of regents, on general governing board relations and practices, on college policy, and on accreditation standards and accrediting commission policy."

Each of the Regents have participated in training and development activities that included participation in national conferences that focused on the role of Board members in institutional effectiveness. They have participated in training sessions on a number of topics and issues, including "Accreditation 101," "Boardsmanship and Accreditation," "Accreditation Eligibility Requirements and Standards," and the ACCJC/WASC online "Accreditation Basics Course."

The members of the Board of Regents have also participated in training activities that include the following:

Complete list of recent training activities

Date	Activity	Topic	Organizer
02/19/10	Training Session	Accreditation 101	ALO
02/26/10	Training Workshop	Self-Study Workshop	ACCJC
06/14/10	Training Session	Boardsmanship and Accreditation	PPEC
08/04/10	Training Conference	New Trustee Governance Leadership Institute (Washington, D.C.)	ACCT
09/08/10	Lunch Training Session	Role of Governing Board	ALO
09/29/10	Training Workshop	FERPA	President's Office
10/13/10	Lunch Training Session	ACCJC (Site Visit Prep)	ALO
01/05/11	Lunch Training Session	Governing Board and Institutional Quality & Effectiveness	ALO
02/25/11	Lunch Training Session	Accreditation Eligibility Requirements and Standards	ALO
03/04/11	Lunch Training Session	CNMI Constitution, Commonwealth Code, and Standard IV	LinC Director
03/10/11	Accreditation Standards Team Briefings	Standard 1.A, Standard, 2.A, Standard 2.B, Standard 3.A	President's Office
03/11/11	Accreditation Standards Team Briefings	Standard 1.B, Standard 3.D, Standard 4.B	President's Office
9/29-30/2011	Board Training Workshop	Board of Regents and President as a Team / Defining & Avoiding Micromanagement / President and Board Evaluation Processes / Board Officers, Committees, and Officers / Communication Protocols	College Brain Trust

10/12/11	Training Workshop	ACCT 42nd Annual Leadership Congress Conference in Dallas, Texas.	ACCT
10/25/11	Training Workshop	Media Relations Workshop	College Brain Trust (Ray Guiles)
05/04/12	Training Workshop	Board and CEO Assistants Workshop	ACCT
03/20/12	Webinar	"Safeguarding Your Institution: the Board's role in Navigating Disaster"	ACCT
04/20/12	Training Workshop	AACC 92nd Convention (Various Topics)	AACC

As part of its action items, the BOR is moving toward formalizing a standard set of training activities that new members of the Board will need to undergo upon their confirmation by the CNMI Senate. These training activities will need to be completed within a specified time after the member's term on the Board begins. They include "Accreditation 101," "Boardmanship Training," "Code of Ethics," and other important topics. Honorary regents will also undergo this training upon the commencement of their term on the Board.

In addition to its emphasis on training and development, the Board of Regents also understands and adheres to its role in establishing policy and strategic-level decision-making, and thus delegates administrative authority for the college to the NMC President. BOR Policies and Procedures 1009(I) [IVB:46] states: "The president is the chief executive officer of the Northern Marianas College, and in this capacity is charged with full administrative responsibility for the College." BOR Policies and Procedures 1002 [IVB:47] directs that:

No individual member of the Board, by virtue of holding office, shall exercise any administrative responsibility with respect to the College, nor as an individual command the services of any college employee.

The Board shall delegate authority to the president as the Board's executive officer and confine Board action to policy determination, planning, performance evaluation, and maintaining the fiscal stability of the College. Problems and issues that arise shall be referred to the president to be handled through the proper administrative channels or be placed on the Board agenda for discussion. In this regard, rather than working directly with staff, it is imperative for Board members to take their concerns directly to the president.

As part of its policy-making focus, the Board, in March 2012, adopted BOR Policy 101, which specifically outlines a new numbering system for which all BOR policies will be identified. This system is meant to better organize and clarify all board policies. The new numbering system includes the following:

Section 100	Introduction
Section 200	Governance and Organization
Section 300	Academic Affairs
Section 400	Student Affairs
Section 500	Personnel
Section 600	Compensation
Section 700	Financial Affairs
Section 800	Facilities
Section 900	Miscellaneous
Section 1000	Index

The Board assures that all policies are reviewed on a periodic basis. The Board and the President have continued aggressive efforts to update and review all BOR policies recognizing that many current BOR policies are more procedural in nature. At the September 2012 Board Meeting, the Board acted on all of the prior Academic Affairs policies rescinding those that were identified as procedural and belong at the level of Management. The upcoming fall 2012 Board meetings will have the Board take action on all other policies that are truly procedural in nature. These are presently going through the governance process of the college for review and consensus before moving on to the president for final review before being submitted to the BOR.

Moreover, earlier this year the NMC Board of Regents approved a policy review calendar [IVB:6] by which all policies will be reviewed and updated. The review process for policies originates from Management Team, as a steward is assigned to each Board policy. The draft policy then is advanced to governance bodies for input and ultimately transmitted to the Board Chair who then assigns the appropriate Board Committee to review and provide final recommendations to the full Board. In addition, policies are reviewed by legal counsel. Thus, the College has a very thorough policy review and adoption process that encourages participation from all stakeholders.

In September 2012, the Board approved BOR policy 206 *Policy Introduction, Amendment, Passage, Suspension*. This policy clearly outlines the process for how policies or policy amendments are to be proposed to the Board by the President or by a Board member. The policy allows for introduction and first readings whereby a brief explanation or summary of the new policy or amendment is presented to the Board. Upon approval of introduction and first reading, the measure is then placed on the agenda of the next scheduled meeting of the Board for second reading and assigned by the Board Chair to the appropriate board committee to review. All policies are required to be discussed within the College's shared governance bodies.

A second reading and adoption is also outlined in this policy. This allows constituents or the public time to review and reflect on the proposed policy before it goes to the Board for final approval. The Board will continue on its pace to regularly review and update board policies. This has required that the Board permanently move from meeting on a quarterly to a monthly basis [IVB:8a thru 8f]. Maintaining this momentum is one of the most valuable actions that will ultimately improve all Board policies and, thus, the function of the Board.

Supplemental Recommendation #1: *In order to meet Standards, the team recommends that the College expeditiously recruits a permanent Chief Financial and Administrative Officer while it formally reviews and specifies a process to monitor the Budget Progress Report as part of a collegial system of financial management control mechanisms. (Standard III.D.2, III.D.2.d, IV.A.2.a)*

The College President, through thorough evaluation of accreditation reports, interviews with previous and existing personnel, and experiences in administering College and University programs, recognized that organizational changes needed to happen within the financial and administrative services unit of the institution. The President acknowledged that the College needed to improve the working conditions, morale and communication of the employees within the finance and administrative services unit of the College as well as improve the financial practices and conditions of the institution. Accounting practices reveal that the most important mechanism for internal control and compliance is to have the proper personnel to oversee such. Employees within the unit had the experience, knowledge, and abilities to successfully run and manage the finance and administrative services functions of the institution, however, due to high turnover and lack of leadership of the Chief Financial and Administrative Officer position, the ability for such unit to improve were stymied.

The President set out to change this behavior and restructured the Chief Financial and Administrative Officer position to a Dean of Administration position in the fall of 2011. In January of 2012, a new Dean of Administration was hired and took over the role of the Chief Financial and Administrative Officer of the College. The Dean of Administration, an employee of the College for over ten years, immediately set out to create a team to improve the working conditions, morale, and communications of the finance and administrative services unit of the College. The team consisted of the Dean's direct report composed of bookstore manager, facilities manager, budget officer, chief accountant, acting director of the community development institute, acting director of information technology, and procurement manager. The Dean worked with the team and empowered them to create opportunities for the departments under the finance and administrative services unit to improve. Bi-weekly meetings and reporting systems were established; internal control deficiencies were recognized and input on quality control practices were identified, and a mechanism to report problem and conflict resolution was implemented.

In February of 2012, with the approval of the President, the Dean of Administration reactivated the Budget and Finance Committee to help oversee the operations budget of the College. After analysis of the College's finances, financial practices, and accreditation recommendations, the Dean of Administration created Financial Status Reports that provided the Board of Regents and financial decision makers of the College with real time financial status and condition of the College.

In the summer of 2012, the Dean of Administration and Budget Office identified a previously designed quarterly review process to monitor the spending of departments using the third quarter as the bench mark period for such process [See Budget Reports]. The Budget Office reviews these quarterly reports and makes recommendations to the Dean of Administration and departments. The Dean of Administration will then analyze these reports, make appropriate recommendations for modifications and changes, and present the modified system to the Budget and Finance Committee for evaluation and implementation. Formal implementation is scheduled for the Fall of 2012.

Regarding Supplemental Recommendation #1, the internal control issue and the discovery of unknown funds point to a weakness in the financial management system that limit the College's ability to make sound financial decisions. Information from the system is neither dependable nor timely. The recent dissolution of the Budget and Finance Committee, which the Self Study Report indicated played a central role in college budget processes, is a concern to the Commission. Therefore, the individual hired as chief financial officer must have government finance, and accounting qualifications in order to continue to meet Accreditation Standards (III.D) and Eligibility Requirements 5. Administrative Capacity and 18. Financial Accountability.

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The President set out to change this behavior and restructured the Chief Financial and Administrative Officer position to a Dean of Administration position in the fall of 2011. In January of 2012, a new Dean of Administration was hired and took over the role of the Chief Financial and Administrative Officer of the College.

The Dean of Administration, an employee of the College for over eleven years, has eight years of experience with both local and federal government financing, has a Bachelor's Degree in Business Administration from the University of Oregon and took accounting and financing courses, has a Master's Degree in Education from Framingham State College (now University), attended the National Association of College and University Business Officers Training for new Business Officers, was a member of the College's Planned Budget and Evaluation Committee (PBEC), Budget and Finance Committee, served as a Co-Chair of the College's Strategic Planning Committee in 2006, and is currently a Co-Chair of the College's 2012 Strategic Planning Committee, has extensive experience with local political environments and appropriations mechanisms, serves as a Board of Director (and/or Chairs)

of various community organizations, and was mentored by high performing past Chief Finance and Administrative Officers (now retired or working for U.S. Universities), and past College Presidents, inclusive of former President Joaquin M. Sablan, and the deceased President Antonio V. DeLeon Guerrero, both whom have led the College to maintain or achieve positive accreditation standing during their tenures.

The new Dean of Administration uses a combination of cultural, experience, social appreciation, and skills to create a team to help improve the working conditions, morale, and communications of the finance and administrative services unit of the College. The team consists of the Dean's direct report composed of bookstore manager, facilities manager, budget officer, chief accountant, acting director of the community development institute, acting director of information technology, and procurement manager. The Dean worked with the team and empowered them to create opportunities for the departments under the finance and administrative services unit to improve. Bi-weekly meetings and reporting systems were established; internal control deficiencies were recognized and input on quality control practices were identified, and a mechanism to report problem and conflict resolution was implemented.

In February of 2012, with the approval of the President, the Dean of Administration reactivated the Budget and Finance Committee to help oversee the operations budget of the College. After analysis of the College's finances, financial practices, and accreditation recommendations, the Dean of Administration created Financial Status Reports (FSR) that provided the Board of Regents and financial decision makers of the College with real time financial status and condition of the College. Contained in the FSR is financial information about funding from CNMI Appropriations, NMC's Tuition and Fees, Payroll Projections, Outstanding Obligations, and Savings and Reserve Fund Balances, and other financial data. The FSR provides NMC with realistic data to be used for planning purposes.

The FSR served to be valuable in NMC's efforts to institutional and financial planning as well as resource allocation and monitoring, and gave light to the financial information needed to fully align NMC's Form 3 and data derived from program review and performance results, etc. from each department, Institutional Priorities, goals, allocation of resources. The effect of such decision was instrumental in helping NMC develop the appropriate measures needed to respond to negative or positive financial situations that arose in FY 2012. The effects also called for additional measures that NMC had to take in order to meet its mission, goals, and priorities. As a result, the budget and resource allocation process was slightly changed to reflect realistic needs, real time financial information and improved allocation and monitoring of NMC's finances.

From March through June 2012, the Dean of Administration along with his team led the College through its external audit, which yielded one of its best performing years to date for financial statements, internal control, and compliance. The Dean and his team continue to work with the President to implement audit suggestions as warranted and has visited federal counterparts and consultants to assist with the clearance of audit finding past the two-year time limit as stated in OMB-133.

In the summer of 2012, the Dean of Administration and Budget Office identified a previously designed quarterly review process to monitor the spending of departments using the third

quarter as the bench mark period for such process [See Budget Reports]. The Budget Office reviews these quarterly reports and makes recommendations to the Dean of Administration and departments. The Dean of Administration will then analyze these reports, make appropriate recommendations for modifications and changes, and present the modified system to the Budget and Finance Committee for evaluation and implementation. Formal implementation is scheduled for the fall of 2012. The Dean of Administration is leading the College through its fiscal year 2013 budget process and is the primary author of the new Draft NMC Financial Plan.

The College also continues its search and recruitment of a Director of Financial Services/Chief Financial Officer to complement the Dean of Administration, and strengthen the College's financial practices and services [See Job Vacancy Announcement]. The ongoing recruitment of the person hired for this position will provide added support, monitoring, and guidance of the College's Financial Services. Inclusive of this person's responsibilities would be to supervise the Finance Office, Procurement Office, and Budget Office, strengthen internal controls, compliance, and financial reviews. The person would also assist the Dean of Administration with the revision of policies and procedures of the said programs as needed.

The College has contracted with Ellucian, the current provider of the College's Student Information Management System (PowerCampus), to provide self-service options and analytics options. The Self-service option would streamline the registration process of the College and provide students with online registration capabilities. The analytics option would allow for programs and services to improve their reporting capabilities. Ellucian has also been requested to provide the College with quotations on a complete Enterprise Reporting System that would serve as a one stop option for the college's registration, finances, human resources, and reporting needs, etc. Ellucian has also been requested to explore the possibility of building a patch with College's existing Fund Accounting software known as Sage Accounting Software or for Ellucian to provide the College with a compatible financial management system, which would allow users viewing capability of the financial information of the College. Related to these is the College's effort to positioning its website to maintain pertinent financial and decision-making information online.

Supplemental Recommendation #2: *In order to meet Standards, the team recommends that a schedule and process for the review of all College Policies be developed and implemented. The process should ensure participation by all constituencies and include a clear procedure for the development of Policies and the process for submission for Board Approval (Standards IV.A.2, IV.B.1.b-e)*

In March of 2012, the Board of Regents (BOR) adopted BOR Policy 101 *Table of Contents (need to include attachment—found on N drive)*. This policy specifically outlines a new numbering system for which all BOR policies will be identified. This system is meant to better organize and clarify all board policies. The new numbering system includes the following:

Section 100 Introduction

Section 200	Governance and Organization
Section 300	Academic Affairs
Section 400	Student Affairs
Section 500	Personnel
Section 600	Compensation
Section 700	Financial Affairs
Section 800	Facilities
Section 900	Miscellaneous
Section 1000	Index

The Board of Regents (BOR) assures that all policies are reviewed on a periodic basis. The Board and the President have continued aggressive efforts to update and review all BOR policies recognizing that many current BOR policies are more procedural in nature. At the September 2012 Board Meeting, the Board acted on all of the prior Academic Affairs policies [IIA:48] rescinding those that were identified as procedural and belong at the level of Management. Upcoming fall 2012 board meetings will have the Board take action on all other policies that are truly procedural in nature. These are presently going through the governance process of the college for review and consensus before moving on to the president for final review before being submitted to the BOR.

Earlier this year the NMC Board of Regents approved a policy review calendar [IVB:6] by which all policies will be reviewed and updated. The review process for policies originates from Management Team, as a steward is assigned to each Board policy. The DRAFT policy then is advanced to governance bodies for input and ultimately transmitted to the Board Chair who then assigns the appropriate Board Committee to review and provide final recommendations to the full Board. In addition, policies are reviewed by Legal Counsel. Thus, the College has a very thorough policy review and adoption process that encourages participation from all stakeholders.

In September 2012, the Board approved BOR policy 206 *Policy Introduction, Amendment, Passage, Suspension* [IVB:29]. This policy clearly outlines the process for how policies or policy amendments are to be proposed to the Board by the President or by a Board member. The policy allows for introduction and first readings whereby a brief explanation or summary of the new policy or amendment is presented to the Board. Upon approval of introduction and first reading, the measure is then placed on the agenda of the next scheduled meeting of the Board for second reading and assigned by the Board Chair to the appropriate board committee to review. All policies are required to be discussed within the College's shared governance bodies. A second reading and adoption is also outlined in this policy. This allows constituents or the public time to review and reflect on the proposed policy before it goes to the Board for final approval. The Board will continue on its pace to regularly review

and update board policies, which will have the Board permanently move from meeting quarterly to a monthly basis [IVB:8a thru 8f]. Maintaining this momentum will be one of the most valuable actions that will ultimately improve all Board policies and, thus, the function of the Board.