BOARD OF TRUSTEES
McHENRY COUNTY COLLEGE DISTRICT #528

April 21, 2008
6 p.m.

Board Room
8900 U.S. Highway 14
Crystal Lake, IL 60012

COMMITTEE OF THE WHOLE MEETING

AGENDA

1. Call to Order

RC 2. Roll Call

3. Acceptance of Agenda

4. Acceptance of Minutes: Committee of the Whole Meeting March 25, 2008

5. Open for Recognition of Visitors and Presentations
Three (3) minutes per person or less.

6. Update on Sikich Management Letter

7. Discussion of ERP

8. Update on Recording/Streaming Board Meetings

9. Revision of Board Policies, 2.4.3 – Use of Campus Facilities After Business Hours

10. Legal Services

11. May Retreat

12. Open for Board Members

13. Closed Session

14. Future Agenda Items

15. Adjournment

Frances Glosson

Frances Glosson
Chair

Finance Department

Memorandum

To: Ron Ally

From: Todd McDonald, AVP of Finance

Date: March 11, 2008

Re: FY 2007 Management Letter Status Update

Attached to this memo is Sikich's original management letter with the College's responses for June 30, 2007. After each College response section, a Status as of March 2008 section has been added, if appropriate, indicating the actions taken by the College to address the comment or suggestion. No Status as of March 2008 section was added where the management letter indicates that the suggestion was implemented.

MCHENRY COUNTY COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 528
CRYSTAL LAKE, ILLINOIS

MANAGEMENT LETTER

June 30, 2007

Sikich LLP

Certified Public Accountants & Advisors

Members of the Board of Trustees
McHenry County College
Community College District Number 528
Crystal Lake, Illinois

In planning and performing our audit of the basic financial statements of the McHenry County College, Community College District Number 528 (the College), as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as described below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and certain deficiencies that we consider to be material weaknesses. In addition, we reviewed the status of the comments from June 30, 2006. The status of these recommendations is included in Appendix A.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The College's written response to the significant deficiencies, material weaknesses and control deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the President, the Board of Trustees and the management of the College and is not intended to be and should not be used by anyone other than these specified parties.

Aurora, Illinois
September 7, 2007

CONTROL DEFICIENCIES

1. Allowance for Uncollectible Accounts Receivable

During testing of the bookstore accounts receivable aging, it was noted that seven of ten accounts tested that were outstanding greater than 120 days related to sales in Fiscal 2006 or earlier. The College does not have a procedure to provide an allowance for uncollectible accounts or write off stale balances. We recommend the College establish a procedure of reviewing past due balances and establish an allowance account for uncollectible items.

College's Response

We agree and will implement the recommendation for FY 2008.

Status as of March 2008

Bookstore receivables at June 30, 2008, will reflect outstanding balances that are within the last five fiscal years. This is consistent with the way that tuition and fees receivable are handled. Additionally, we will establish an allowance for uncollectible bookstore accounts that are 3 years or older.

2. Matters of Noncompliance

During compliance testing of the Federal Work Study Program, we also noted that a student was overpaid by 2 hours due to total hours not agreeing to actual total of daily entries. We recommend that manual timesheets be recalculated by a supervisor to prevent clerical errors that result in inaccurate financial reporting of grant expenditures.

College's Response

The process of approving and calculating timesheets will be reviewed to determine what improvements can be made to help ensure the accuracy of the existing process.

Status as of March 2008

An email was sent to all supervisors of Federal Work Study employees in September, 2007 to remind them of the importance of ensuring that the timecards they sign are accurate before they are forwarded to the Financial Aid Office. A follow up mail was sent to all administrators in February, 2008 reiterating the same information. Also, the Financial Aid Assistant/Work Study and Accounting Assistant/Payroll were reminded to diligently review the timecards that are submitted to them for accuracy.

3. Time Reporting

During audit testing of payroll of non-federal grant employees we noted an employee was paid for 56.50 hours when the timesheet indicated 70.25 hours worked. We recommend that manual timesheets be recalculated by a supervisor to prevent clerical errors. An alternative would be using electronic timesheets which would eliminate math errors.

3. Time Reporting (Continued)

College's Response

The process of approving and calculating timesheets will be reviewed to determine what improvements can be made to help ensure the accuracy of the existing process.

Status as of March 2008

An email was sent to all supervisors of Federal Work Study employees in September, 2007 to remind them of the importance of ensuring that the timecards they sign are accurate before they are forwarded to the Financial Aid Office. A follow up mail was sent to all administrators in February, 2008 reiterating the same information. Also, the Financial Aid Assistant/Work Study and Accounting Assistant/Payroll were reminded to diligently review the timecards that are submitted to them for accuracy. Electronic timesheets may not be practical because many of the employees who submit timecards on a regular basis do not have individual access to a computer on which to prepare an electronic timecard (e.g. cafeteria, custodial employees, and student workers) and the College must be cautious about treating some groups of employees differently than others.

OTHER COMMENTS

1. Employee Noncash Benefits

The College has a policy of providing free tuition to College employees and their families. By providing these benefits, the College employees are receiving noncash benefits that may be subject to taxation on the employees' personal tax returns.

An employee discount is a price reduction provided to an employee on property or services generally offered to outside customers in the ordinary course of the line(s) of business in which the employee performs substantial services. The price reduction provided to an employee on property or services offered to customers is nontaxable to the extent the discount does not exceed the product's gross profit (for property) or 20% of the price charged to customers (for services). The qualified portion of the employee discount is an excludable fringe benefit. The remaining portion of the discount is a taxable fringe benefit subject to FITW, FICA, and FUTA [IRC Reg. 1.132-3(a)].

We recommend that College management evaluate the noncash benefits being provided to employees and determine whether they are being treated appropriately under Internal Revenue Code regulations in order to protect the District from potential tax penalties.

College's Response

We will investigate this item further and implement changes as deemed necessary to continue offering a competitive benefits package to employees while protecting the College from potential liability.

Status as of March 2008

The College has reviewed information provided by Sikich as well as other pertinent IRS regulations relating to non-cash employee benefits to determine proper treatment and identify areas of potential exposure, if any. The College is working with Sikich in order to ensure we have appropriately interpreted the applicable sections of the Internal Revenue Code and recommendations for any changes, if required, will be implemented prior to June 30, 2008.

OTHER MATTERS

1. Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that will impact the College in the future.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* is effective for the College's fiscal year ending June 30, 2008. This new standard addresses how employers should account for and report costs and obligations for post-employment health care and other nonpension post-employment benefits promised to employees.

OTHER MATTERS (Continued)

1. Future Accounting Pronouncements (Continued)

Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues,* is effective for the District's fiscal year ended June 30, 2008 and addresses how governments determine whether proceeds for a given transaction should be reported as revenue or a liability.

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* provides guidance on accounting for pollution remediation for the effects of existing pollution. S-49 is effective for the District's fiscal year ended June 30, 2009.

Statement No. 50, *Pension Disclosures*, more closely aligns current pension disclosure requirements for governments with those that governments are beginning to implement for retiree health insurance and other post-employment benefits. S-50 generally is effective for periods beginning after June 15, 2007 (i.e., fiscal years ending June 30, 2008).

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, provides guidance regarding how to identify, account for, and report intangible assets. S-51 is effective for financial statements for periods beginning after June 15, 2009 (i.e., fiscal year ending June 30, 2010 and thereafter).

College's Response

We will work with the auditors to ensure appropriate implementation of new GASB Statements as necessary.

Status as of March 2008

The College will work with Sikich during the upcoming FY 2008 audit to ensure that any applicable new accounting pronouncements are properly implemented.

APPENDIX A
STATUS OF COMMENTS FROM JUNE 30, 2006

MATERIAL WEAKNESSES

1. Board Policy

Board policy 2.1.6 requires use of modified accrual basis of accounting. While the College's accounting system is maintained on the cash basis throughout the year, it is adjusted to the modified accrual basis/current financial resources measurement focus at the end of the year to prepare the uniform financial statements in accordance with the Illinois Community College Board Fiscal Management Manual, and then converted outside the accounting system to prepare the accrual basis/economic resources measurement focus financial statements included in the College's comprehensive annual financial report (CAFR).

We recommend that the Board policy be updated to reflect the change in external financial reporting a well as any desired changes in internal/interim financial reporting. In addition, we recommend that the College revamp its process for preparing accrual basis financial statements as the current process is deficient, cumbersome, can lead to errors occurring and statements being out of balance and does not provide an adequate audit trail nor is it supported by postings in the College's general ledger.

Status

Comment implemented at June 20, 3007, except for Board Policy 2.1.6. This portion of the comment is repeated pending approval of staff recommended wording changes to Policy 2.1.6.

College's Response

As noted in the status, the College has improved the process used to convert the general ledger to the accrual basis of accounting. Additionally, a change to Board Policy 2.1.6 was approved at the September 20, 2007 Board of Trustees meeting to align the policy with the current practice of the College.

Status as of March 2008

Comment fully implemented as of September 20, 2007, with the Board's approval of the changes to Board Policy 2.1.6.

2. General Ledger

During our audit, we noted that the College focuses on the operating statement accounts in the accounting system throughout the year and at year end, but does not provide the same level of focus to the balance sheet accounts throughout the year or at year end. Specifically we noted the following. Certain accounts on the balance sheet were for old/outdated assets/liabilities that did not change from prior years. Though immaterial, all account balances should be reviewed, analyzed and reconciled to detail. In addition, interfund receivable and payable balances are not being cleared out monthly during the close process. The balances are overstated and are being netted for financial reporting purposes and must

MATERIAL WEAKNESSES (continued)

2. General Ledger (Continued)

be included to determine a funds true cash and investments at any point in time. These should be eliminated monthly during the close process. Also, we noted many reconciling items from the Bookstore detail balances to the general ledger. Though these items were immaterial, the differences should be reconciled during the close process to ensure the accuracy of these accounts.

Finally, we noted that the College does not have a detailed listing of all fixed assets owned by the College that can be reconciled to or support the amounts reported in the financial statements. The College did have an appraisal done of its capital assets when converting to GASB Statement No. 34; however, this appraisal was never reconciled to the College's capital assets. We recommend that the College obtain an updated appraisal of all capital assets which should be reconciled with the capital assets reported by the College. Once prepared, it is imperative that this list be accurately updated annually in detail for all assets acquired or contributed during the year as well as all assets disposed of during the year.

Status

The balance sheet accounts are being analyzed and reconciled as part of the month end close process, therefore, this portion of the comment recommendation has been implemented at June 30, 2007. However, the College does not have a detailed listing of all capital assets owned by the College that can be reconciled to or support the amounts reported in the financial statements. Our recommendation related to the College's capital assets is repeated.

College's Response

As noted in the status, the College has improved the review of balance sheet accounts within the general ledger. The current system that is used for capital asset tracking is maintained by an external third party. With the conversion to a new ERP system, we anticipate getting an updated appraisal and inventory of the College's capital assets. In the interim period, the College will review the procedures for capital asset recording and tracking and look for cost-effective improvements.

Status as of March 2008

The College is planning on seeking outside assistance with the performance of a physical inventory of fixed assets. The College is currently investigating the costs associated with having the firm that performed the original physical inventory during the GASB 34/35 conversion come back to assist with updating the fixed asset inventory listing. If necessary, a Board report will be prepared to authorize further action.

MATERIAL WEAKNESSES (continued)

3. Property Tax Revenue Recognition

During our audit, we noted that property tax revenue has not been recognized on a 50/50 split in the past as required by the ICCB Fiscal Management Manual and the College's budget methodology, but rather has been recognized as revenue using the cash basis of accounting, or in certain instances, some form of modified cash basis of accounting (depending on the timing of when the counties remit the major components of the first half collection of the tax levy near the College's year end). We proposed adjusting journal entries to record the correct taxes receivable, revenue and deferred revenue in accordance with the 50/50 methodology and posted an amount to our effects schedule for the misstatement of property tax revenue in fiscal year 2005.

Status

Comment has been implemented at June 30, 2007.

SIGNIFICANT DEFICIENCIES

1. Purchasing/Payables Process

During our audit, we noted that the College has a primarily decentralized purchasing and receiving process along with a weak purchasing policy/manual/procedures. Specifically, there is no segregation of duties between the purchasing and receiving functions, the purchaser receives the order unopened with the invoice, fills out a receiving report and then provides the report to accounting.

In addition, we noted that purchasers are not required to issue purchase orders for purchases, (approximately 85% of operating disbursements are from Purchase Request Forms, 15% from Purchase Orders). Purchase request forms should be used to request purchases and purchase orders should be issued for most all purchases to provide authorization of the purchase and improve internal controls and cash management.

There appears to be no centralized receiving. All goods are received in one area; the mail department disburses the packages/envelopes unopened to the attention stated on the package/envelope. Thus the employee who purchases the goods is responsible for matching the order with the shipment, and is responsible for forwarding the shipping document and the invoice to accounting for payment. Centralized receiving should be performing this function to improve internal controls over purchases.

Furthermore, account invoices are not entered into the accounting system when received, instead they are entered only when paid, thus no accounts payable listing is generated, diminishing the ability to prepare anything other than cash basis interim financial statements. In addition, invoices are being paid weekly due to volume of transactions, limitations in the accounting system and demand from vendors, which can result in invoices being paid before being approved by the Board. We recommend that invoices be entered when received, that a list of bills be prepared for approval by the Board before being paid, that vendors be notified that all invoices must include a valid purchase order number from the College on the invoice or they will not be paid and that the Prompt Payment Act in Illinois Compiled Statutes (ILCS) be enforced by the College (pay within 60 days of receipt of an invoice or protest within that time period or the vendor can assess interest at 1% per month).

We also noted that approximately $193,000 in checks were issued after June 30, 2006, but back dated to cash as of June 30, 2006 as it was easier to back date the checks than enter them into the accounts payable process. The accounting system should not allow the backdating of checks and, as previously noted, invoices should be entered into the accounting system when received, not when paid.

In relation to the processing of payables, we noted that there is a lack of segregation of duties for the payables process. Specifically, the accounting assistant enters invoices into the system, prepares the checks and mails the checks. At a minimum, someone other than this person should be distributing the checks.

SIGNIFICANT DEFICIENCIES (Continued)

1. Purchasing/Payables Process (Continued)

In addition, as a result of our interviews in accordance with SAS 99, *Consideration of Fraud in a Financial Statement Audit*, we preformed specific compliance test with the College's purchasing policy. The results of our tests noted the following:

In one instance a board report was not obtained for an invoice over $5,000. In addition, we noted another instance where an invoice was paid without a bid or quote and was not approved by the Board until after the invoice was paid. Moreover, we noted that the College entered into contracts for amounts under $5,000 resulting in numerous invoices that related to similar items. For instance, the College had roof repairs done to five different buildings, with two buildings being invoiced separately than the other three, therefore no Board approval was received before entering into the contracts. We discussed this specific issue with the representatives of the College who noted that though invoiced around the same time, the two invoices were for services performed at different times. However, this could have been combined into one overall contract for roof repairs for all College facilities and been competitively bid and approved before the fact by the Board in accordance with purchasing policy.

During our discussions with College staff regarding purchasing issues, it was expressed to us that the purchasing policy leaves room for interpretation of many issues most notably what constitutes a single purchase. We recommend that the College review and modify its overall purchasing policies and procedures, beginning with a complete revision of the purchasing policy, development of a purchasing manual and training of all College staff on the revised policy/manual

Status

Comment is still applicable at June 30, 2007, except that no checks were back dated in Fiscal 2007. In our expanded compliance testing in 2007, we noted two purchases greater than $5,000 that did not receive Board approval in advance.

College's Response

A Spring 2007 semester continuous improvement team reviewed the ordering portion of the purchasing cycle and made several recommendations for improvement. The team presented to the Board at the June 28, 2007 meeting. The new form, approved purchaser list, training module, and procedure modifications that were recommended by the continuous improvement team are currently being developed. Additionally, a continuous improvement team for the Fall 2007 semester is reviewing the shipping/receiving portion of the purchasing cycle.

SIGNIFICANT DEFICIENCIES (Continued)

1. Purchasing/Payables Process (Continued)

College's Response (continued)

We continue to work diligently to ensure that all appropriate purchases are brought to the Board for approval. As noted in the status, there is no evidence of split purchases to circumvent Board Policy. In some cases, such as the Industritek invoice mentioned above, for example, the College must act between Board meetings to secure training consultant agreements which may, at times, exceed the $5,000 limit. In the case of that example, or if an isolated incident occurs, we inform the Board via an Information Report.

As noted in the status, accounting procedures have been modified and the system is no longer used to back date checks at the end of the fiscal year. We will review the distribution of workflow to determine where appropriate and efficient segregation of duties improvements can be made to the current payables process. We will also investigate the feasibility of making cost effective modifications to our existing system that may allow for immediate entry of invoices into the system to allow improved control over payment dates and preparation of accounts payable related accruals. We will ensure that this capability is included in the list of desired components for the new ERP system.

Status as of March 2008

As noted, the system was not used to backdate checks at June 30, 2007. As of March 3, 2008, the following two modifications to duties have been made to improve internal controls; 1) purchase orders are no longer entered by the accounting assistant/payables, they are now entered by business office staff, 2) once checks are printed they are turned over to the other accounting assistant (the one who did not enter the invoice into the system) to be matched to supporting documentation and mailed.

A continuous improvement Action Team worked on the purchase requisition and purchase order process and new procedures were implemented this past fall semester. The new procedures limit the number of staff authorized to initiate purchases and also provided training for those employees. In addition, efforts are being made through this process to issue more purchase orders in advance of the purchase being made so that the purchase is on the College's terms and not the vendor's terms.

Another Action Team recently reviewed the receiving portion of the purchasing cycle and their recommendations will be forthcoming.

There are limitations with the current system that prevent the College from being able to enter invoices as they are received and automatically pay invoices at specific due dates. The College did include this as a desired feature in the RFP for the new ERP system. The College has improved the payment terms section of purchase orders to include a statement indicating that the College pays invoices according to the terms of the State of Illinois Prompt Payment Act. Additionally, accounts payable staff are more closely monitoring invoice dates and applying the Prompt Payment Act whenever possible.

SIGNIFICANT DEFICIENCIES (Continued)

1. Purchasing/Payables Process (Continued)

Status (continued)

We continue to improve our procedures and processes for obtaining prior approval for orders expected to exceed $5,000 and payment of the related invoices. However, in the area of contract training it is not always possible to bring contracts exceeding $5,000 to the attention of the Board before they must be executed. The College prides itself on being able to respond quickly to our corporate training customers and many times, a training opportunity which exceeds $5,000 presents itself between Board meetings. In these instances, we serve the customers needs by providing the training and provide an information report to the Board at the next meeting to keep them informed.

Additionally, the College is currently reviewing its procedures for time and material contracts that may exceed $5,000 in a single year to determine if an RFP process would be beneficial for these type of expenses.

2. Cash Receipting

While performing our audit over the cash receipting process, we noted that internal controls could be improved. Specifically, on enrollment, the Enrollment Processor receives payments, performs reconciling activities, fills out the deposit slip and locks the deposits in the safe. In the cafeteria the cashier collects cash, reconciles the drawer with actual receipts and fills out the deposit slip. The Enrollment Processor verifies the deposit against system, and then adds to enrollment deposits. In the Bookstore the accounting clerk reconciles the cash drawer and prepares the deposit slip. We recommend that certain of these duties be segregated to improve internal controls over the cash receipting process.

Status

Comment is addressed in the cafeteria but the remainder is still applicable at June 30, 2007.

College's Response

In the cafeteria, procedures were changed and the Director of Food Service or Food Services Secretary balance the cash drawers daily and prepare the bank deposit at the end of the cashier's shift. In the bookstore and the registration office, staff will review the distribution of duties as it relates to cash receipting to look for cost-effective and efficient ways to improve the internal controls. It may prove difficult to make significant changes as the registration office, bursar's office, and bookstore have limited staff to effectively segregate all duties related to the cash receipting process.

Status as of March 2008

As noted in the management letter, internal control improvements were made in the cafeteria at June 30, 2007. Currently, internal control improvements have been

SIGNIFICANT DEFICIENCIES (Continued)

2. Cash Receipting (Continued)

Status as of March 2008 (Continued)

made with the enrollment processors as they will no longer verify their deposit amount against the system. The reconciliation of the deposit to the transaction detail from the system will be done by the Bursars Office. An improvement in internal controls was made in the bookstore by having the Bookstore Director review and approve all deposit reconciliations performed by staff.

3. Payroll and Compensated Absences

While reconciling the payroll reported on the federal form 941 to the payroll accounts in the College's general ledger, the amounts did not reconcile by approximately $150,000, which the College explained was due to recording certain payroll in non-payroll accounts. We recommend that only true payroll be recorded in payroll related accounts.

When testing accrued payroll and compensated absences, we noted that there were certain keying/data entry errors in the accrued vacation spreadsheet. Furthermore, we noted that the College did not accrue the day of June 30th payroll as a liability at year end, due to the system's inability to post an automatic entry, which we posted to our effect schedule. These tasks should be automated within the general ledger to ensure the accuracy of the information.

Status

Comment has been implemented at June 30, 2007.

4. Tuition Revenue

During our testing of the tuition cycle, we noted that the College reviews tuition and fees every month only to move 10% to the operations and maintenance fund. Other than that, no formal analysis is done. We recommend that a predictive test and other analytical procedures be implemented by College staff to analyze and reconcile tuition and fees revenue on a monthly basis.

Status

Comment still applicable at June 30, 2007.

College's Response

We will investigate what predictive tests and analytical procedures are in place at other institutions that we may be able to efficiently implement in addition to the review that is currently done monthly.

4. **Tuition Revenue (Continued)**

Status as of March 2008

Beginning with the Spring 2008 semester, the College is comparing the 10th day enrollment reports of credit hours and headcount with the amount of tuition and fee revenue recorded in the general ledger for reasonableness. The College has also recently received examples from Sikich of what other colleges do to review tuition revenue for reasonableness. These examples will be reviewed to determine if they are appropriate for the College.

OTHER COMMENTS

1. Accounting/ERP System

During our audit, we noted that the College's accounting system/ERP system, while functioning adequately, is based on older technology and does not meet all of the needs to the College, resulting in an inefficient and labor intensive process in the accounting and financial reporting process. We recommend that the College explore the cost/benefit of replacing the existing system.

In addition, we noted the following related to the overall Information Technology at the College:

There is not a policy in place requiring Information Technology (IT) personnel to take at least one continuous week of vacation each year. It is recommended that such a policy be instituted to force the rotation of responsibilities within IT. It was noted, however, that IT employees will typically use their allotted vacation during the year even without such a policy. We recommend that such a policy be considered for adoption.

Programmers are not restricted from accessing live data and programs. While it is difficult to restrict this type of access in a small IT department, IT should consider requiring end user involvement whenever live data is being accessed or manipulated by IT personnel outside of normal application functions. If available, this could also be enforced through enhanced data audit trails as part of the database logs which would provide user, data and time stamps for any data modifications made outside of the normal application functionality.

Disaster recovery and contingency planning around IT has been discussed but is not documented or complete or tested. Discussions have taken place with other colleges running the same hardware and business/student applications but formal reciprocal agreements are not in place. This becomes more important in light of the limited installed base of the College's business applications. We recommend that the formalization of this contingency planning be expedited. Furthermore, daily backups are being completed but there has never been a fully tested restoration of the Unisys database to ensure that the backups are functioning properly. This should be done, perhaps in conjunction with a full disaster recovery mock test.

Status

We recommend that the College continue in its efforts towards implementation of a new or enhanced ERP system. The College's current union agreement prohibits alteration of the existing vacation policy for IT personnel. We have no further recommendation at this time.

OTHER COMMENTS (Continued)

1. Accounting/ERP System (Continued)

College's Response

A continuous improvement team in the Spring 2007 semester recommended a procedure to be followed and established a timeline for the implementation of a new ERP system for the College. That timeline currently provides for a new system to go live for FY 2010.

We have implemented the use of database logs for critical data. These logs are readily available on the system for several weeks, and additional database change history can be viewed for up to several months by restoring logs from backup tapes.

At the June 28, 2007, Board Meeting, a Unisys mainframe upgrade was approved. As part of the process to move data from the old mainframe to the new mainframe, there will be a full back-up and recovery performed of the Unisys database. After the upgrade, the old mainframe equipment will be stored offsite and could be available for use should a catastrophic event strike the main campus.

In addition, a continuous improvement team in the Spring 2007 semester started the significant task of creating a business continuity plan in the event of a college-wide disaster.

Status as of March 2008

An RFP for a fully integrated ERP system was sent out in January, 2008. Additionally, a consultant has been engaged by the College to assist in the selection process of a new ERP system. Beginning with the presentation at the January Board meeting, the Board is receiving frequent updates regarding the status of the ERP migration project.

McHenry County College

Information Report
April 24, 2008

ERP Project Status Update

Information:

A project to select a new Enterprise Resource Planning system for McHenry County College has been in progress. Based on Board of Trustees approval in December, 2007, J. Rogers O'Neill, Ed.D. has been coordinating the selection phase of this project.

A committee representing all major areas of the College has been hard at work with the task of making a recommendation for a new ERP system. This committee has collectively spent over 500 hours during the past four months diligently and thoughtfully considering volumes of data and numerous demonstrations. In addition, dozens of additional MCC employees participated in various meetings and demonstrations, providing valuable feedback to the committee. The committee consists of the following individuals:

Jim Batson	Lesley Frederick	Lynn McCabe
Thomas Bentley	Joan Hain	Todd McDonald
Vicki Brennan	Sherry Hodnik	Dave Penoyer
Amy Carzoli	Joann Johnson	Roxann Schutz
Jan Conerty	Pat Kallaus	Missy Spengel
Barbara Cunningham	Jonna Kivisto	

After significant deliberation, the committee came to consensus on a recommendation. That recommendation is outlined in the Board Report #08-72.

This completes only the first phase of this important project to implement a new ERP system. Attached you will find two Gantt charts. The first is a more detailed illustration of the selection phase of the project. This is followed by an overview of the entire ERP project that extends into FY 2010.

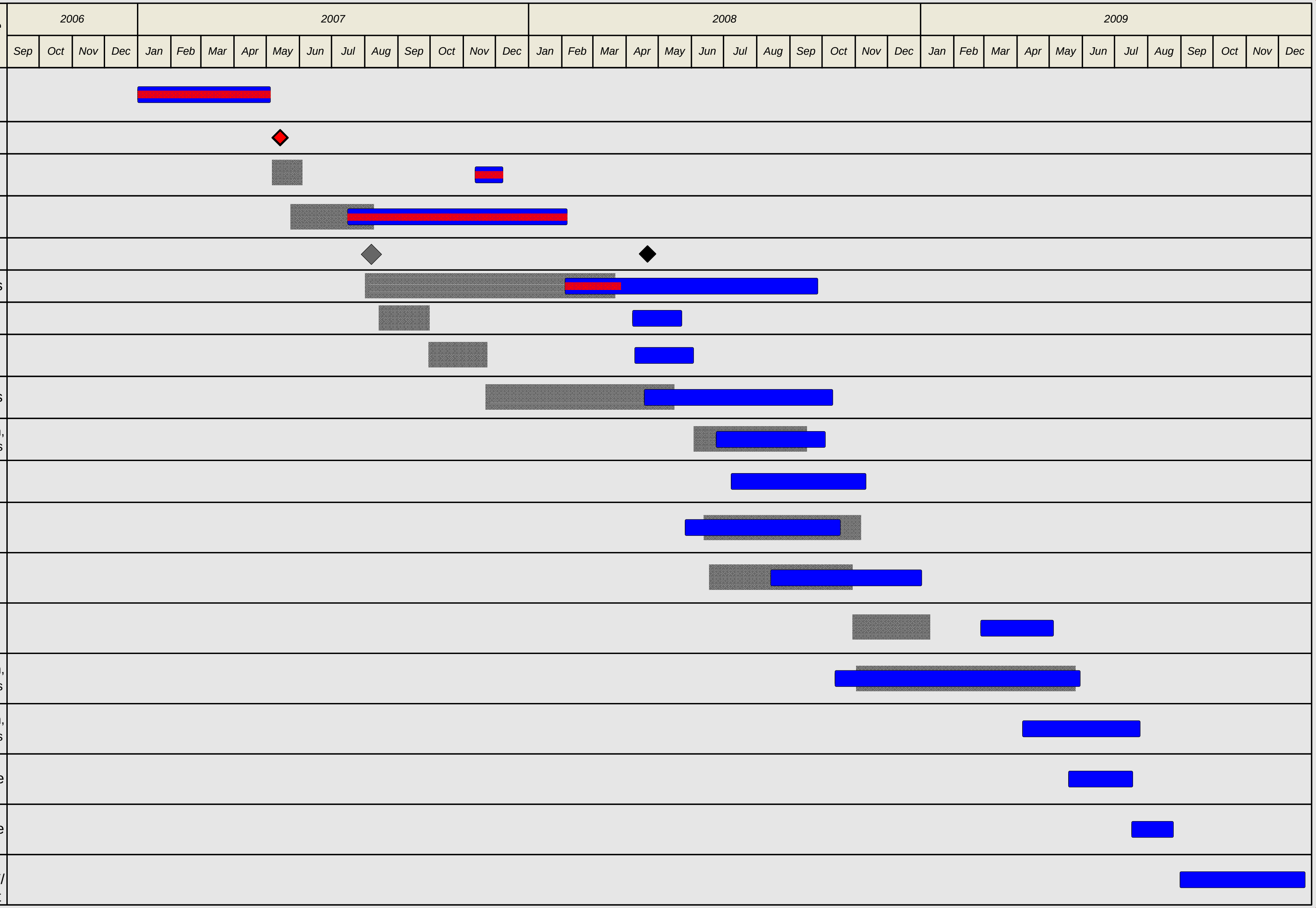
We are confident in the recommendation of this committee and in the process that generated these results. We would like to thank all of the employees who participated and especially those people who served on this committee.

Walter J Packard

Walter J. Packard
President

MCC
McHenry County College

ID	Task Name	Duration	Resource Names
1	Project planning	90d	AQIP Team
2	AQIP Steering Team Approval	0d	Steering Comm.
3	Business and operational analysis including gap analysis	20d	Proj Team
4	RFP process and product selection	147d	Proj Team
5	Board Approval	0d	Board/ Admin
6	Business process reengineering	170d	All Areas
7	Test Installation and configuration	34d	IT/ CS Depts.
8	Project team training	39d	Proj Team
9	Business requirements mapping to software	126d	All Areas
10	Module configuration	74d	Proj Team, Key Users
11	System modification and interfaces	90d	IT/ CS Depts
12	Data conversion	105d	IT/ CS Depts
13	Interface Development for external systems	101d	IT/ CS Depts
14	Custom documentation	48d	Proj Team
15	Conference room pilot	165d	Proj Team, Key Users
16	Acceptance testing	80d	Proj Team, Key Users
17	End User Training	44d	Everyone
18	Go Live	27d	Everyone
19	Post implementation audit and support	85d	Proj Team, IT/ CS Dept

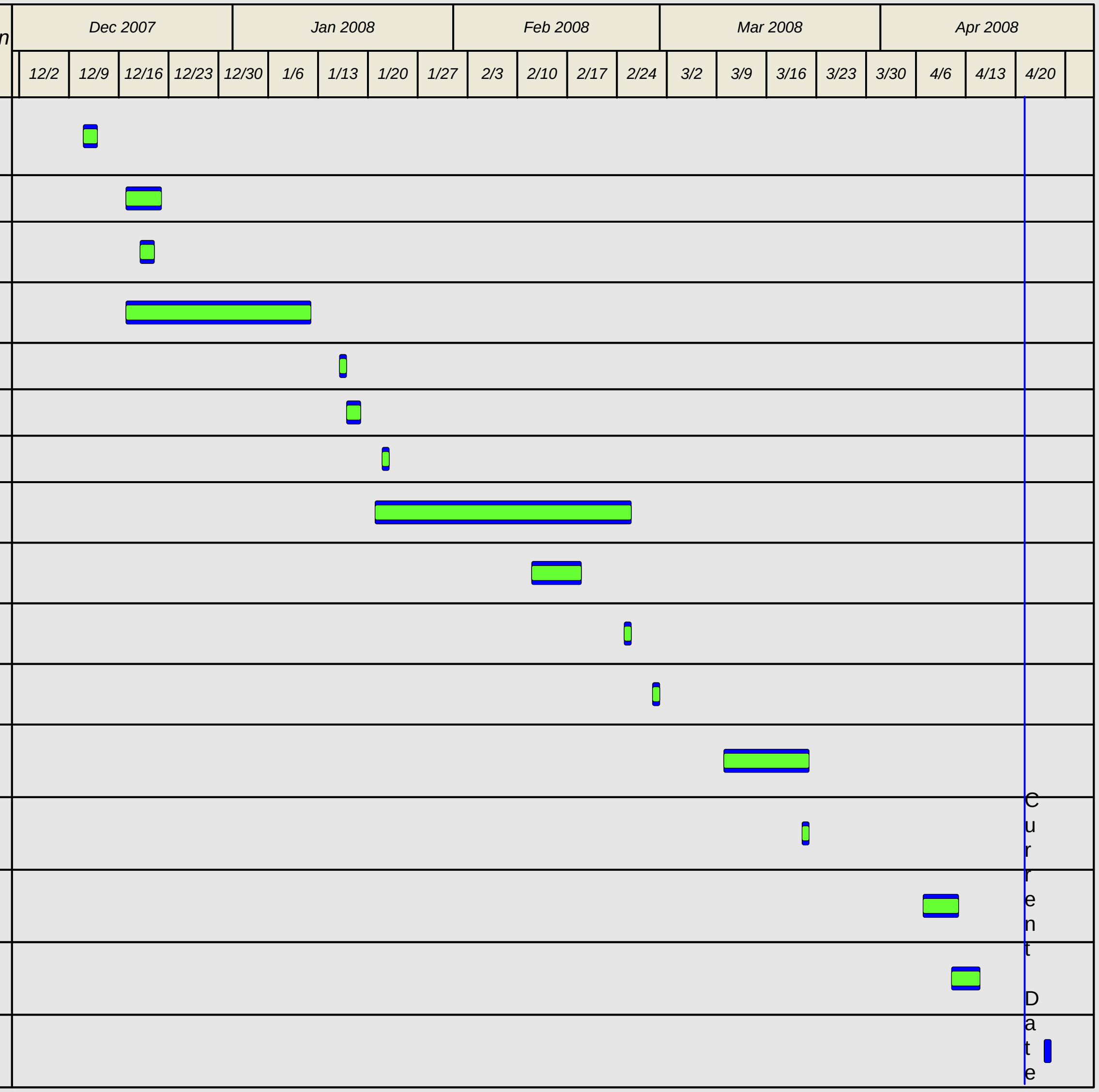


Updated 04/14/08

MCC
McHenry County College

ERP Selection Project

ID	Task Name	Resource Names	Target Completion Date
1	Project planning	Project Management Team	12/12/2007
2	Identify Selection Team	Administrators	12/21/2007
3	Informational Demos	Proj Team	12/20/2007
4	Develop RFP	O'Neill	1/11/2008
5	Kick Off Meeting	Proj Team	1/16/2008
6	Review RFP Requirements	Proj Team	1/18/2008
7	RFP Published	O'Neill	1/22/2008
8	Develop Script Documents	O'Neill + Proj Team	2/25/2008
9	Consolidate Vendor Responses	O'Neill	2/18/2008
10	Submit Demo Scripts to Vendors	O'Neill	2/25/2008
11	Final selection of Vendors for Demo	Proj Team	2/29/2008
12	Detailed Vendor Demonstrations	Proj Team + all employees	3/21/2008
13	Review results and select top vendors	O'Neill + Proj Team	3/21/2008
14	Final Negotiations	O'Neill + Administrators	4/11/2008
15	Prepare Board Report	Project Management Team	4/14/2008
16	Present Recommendation to Board	O'Neill + Proj Team	4/24/2008



Legend

Schedule

Percent Complete

Updated 04/14/08

McHenry County College

Information Report
April 21, 2008

Options Considered for the Recording or Streaming of Board Meetings

At the February, 2008 Committee of the Whole meeting, the Board requested that College staff investigate possible options for the recording or streaming of Board meetings, and recommend the best option for the recording or streaming of Board meetings, if the Board chooses to do so.

Live Streaming vs. Recording

The majority of Board meetings begin at either 6:00 p.m. or 7:00 p.m. on weeknights. This is a time of peak network usage as a large number of credit courses also begin at either 6:00 p.m. or 7:00 p.m. on weeknights, and many students and instructors log on to the network and utilize the Internet for their coursework. A live, streaming Internet broadcast of Board meetings could potentially place a considerable additional load on the College's network at a time of the evening when available bandwidth is typically narrow. Given this overlap, it is not recommended that the Board considers live Internet streaming as a viable option.

It would be possible to digitally record the Board meetings, and make the recording available on the Internet after the meeting. This would place less of a load on the network during peak usage times, as it is expected that the recording would not necessarily be accessed by many different individuals simultaneously.

Audio vs. Video Recording

In order to produce video recordings of the meetings, existing video cameras could be mounted in the room. A pan/tilt controller and switcher would need to be purchased for approximately $1,250.00, a Mactintosh laptop would need to be purchased to digitize the video signal for approximately $2,000.00, and a communications technician would need to operate the cameras and computer at the meetings at a rate of approximately $20.00 per hour. Furthermore, additional staff time would be required to prepare the digitized video for distribution via the Internet. Given these expenses in equipment costs and ongoing requirements for staff time, it is not recommended that the Board considers video recording as a viable option at this time.

In order to produce audio recordings of the meetings, a digital audio recorder would need to be purchased for approximately $200.00. No additional staff would be required at Board meetings to operate the recorder; several hours per month of staff time would be required to prepare the digitized audio files for distribution via the Internet. Given file size considerations, it is recommended that audio files be removed from the Internet within twelve months from the date of the meeting.

Given these considerations, if the Board chooses to make recordings of meetings available, it is recommended that the Board chooses to post audio recordings on the Internet after each meeting as a pilot. If this option is chosen, College staff will track the number of times the recordings are accessed and provide this information in a follow-up report to the Board for consideration.

Walter J Packard

Walter J. Packard
President

McHenry County College

Board Report #08-81
April 24, 2008

Board Policy Revision
Policy 2.4.3 – Use of Campus Facilities after Business Hours

Information:

Revisions are recommended to Board Policy 2.4.3, Use of Campus Facilities after Business Hours. These revisions (additions are in bold) were discussed at the Committee of the Whole meeting on April 21, 2008.

2.4.3 USE OF CAMPUS FACILITIES AFTER BUSINESS HOURS

It may be necessary, on occasion, for students to have access to College facilities and equipment for educational related purposes at times other than when the College is normally open for business. Such usage is permitted, provided an individual employed by the College is on hand in the location of the work being performed for supervisory purposes. **Furthermore, when a public meeting of the Board of Trustees is in progress, either in open or closed session, the public may remain on campus in proximity to the location of the meeting after normal business hours until the adjournment of the meeting.**

Recommendation:

It is recommended that the Board of Trustees approves the revisions to Board Policy 2.4.3 – Use of Campus Facilities after Business Hours.

Walter J Packard

Walter J. Packard
President