

## FOLLOW-UP VISIT PEER REVIEW TEAM REPORT

Merritt College  
12500 Campus Dr.  
Oakland, CA 94619

This report represents the findings of the Peer Review Team that conducted a Follow-Up Visit to Merritt College October 13-14, 2022. The Commission acted on the accredited status of the institution during its January 2023 meeting and this team report must be reviewed in conjunction with the Commission's Action letter.

Dr. Kindred Murillo  
Team Chair  
Interim Superintendent/President  
Santa Barbara City College

**DATE:** November 22, 2022  
**TO:** Accrediting Commission for Community and Junior Colleges  
**FROM:** Kindred Murillo, Team Chair  
**SUBJECT:** Report of Follow-Up Visit to Merritt College  
October 13 and 14, 2022

**Introduction:**

A comprehensive evaluation team visit was conducted at Merritt College March 1-4, 2021. At its June 9-11, 2021 meeting, the Accrediting Commission for Community and Junior Colleges (Commission) took action to impose Probation and require a Follow-Up Report, due no later than October 1, 2021, followed by a visit from a peer review team. In October 2021, a peer review team conducted a follow-up visit and issued a report dated November 11, 2022. On January 27, 2022, the Accrediting Commission moved Merritt College from probation to warning. On October 13 and 14 of 2022, a peer review team conducted a follow up visit to determine whether the District has addressed the requirements of the Commission as stipulated in the Commission Action Letter of January 27, 2022.

The team was comprised of the following members:

Dr. Kindred Murillo	Interim Superintendent/President, Santa Barbara City College
Mr. Uduak-Joe Ntuk	President of Board of Trustees, Long Beach City College
Ms. Cheryl Bailey	Instruction Librarian and SLO Coordinator, Irvine Valley College
Mr. Mario Rodriguez	Vice Chancellor of Finance, Los Rios Community College District

The team was accompanied by Dr. Catherine Webb, ACCJC Vice President and staff liaison to Merritt College.

The Peer Review Team for Merritt College was conducted by video conference via Zoom technology on October 13 and 14, 2022. Over the course of the two-day visit, the team met with:

Chancellor's Expanded Cabinet  
Chancellor and District Office Staff  
District Financial Team  
District External Auditor  
District Internal Auditor  
Board of Trustees (two separate meetings)  
Chancellor and Interim Deputy Chancellor and Chief Operating Officer  
Chancellor and College President's

The Follow-Up Report and visit were expected to document resolution of the following compliance requirements and deficiencies identified through fiscal monitoring:

### Compliance Requirements

**District Requirement 1:** In order to meet the Standards, the Commission requires the District have appropriate internal control mechanisms and regularly evaluate its financial management practices, and use the results for improvement to ensure financial documents have a high degree of credibility. (Standards III.D.5, III.D.6, III.D.8)

**District Requirement 2:** In order to meet the Standard, the Commission requires the District respond to all external audit findings, and such responses are comprehensive, timely, and communicated properly. (Standard III.D.7)

**District Requirement 3:** In order to meet the Standard, the Commission requires the District must practice effective oversight of its financial aid programs. (Standard III.D.10)

**District Requirement 4:** In order to meet the Standard, the Commission requires that the Board of Trustees assures the academic quality, integrity, and effectiveness of the student learning programs and services and the financial stability of the institution. (Standard IV.C.1)

**District Requirement 5:** In order to meet the Standard, the Commission requires that once the Board of Trustees reaches a decision, all board members act in support of board decisions. (Standard IV.C.2)

**District Requirement 7:** In order to meet the Standard, the Commission requires the governing board functions as an independent, policy-making body that reflects the public interest in the institution's educational quality. (Standard IV.C.4)

### Deficiencies Identified through Fiscal Monitoring

The Commission requires the College to address these deficiencies in the required Follow-Up Report along with the Compliance Requirements identified above:

- Establishing guidelines to reduce operational overspending and eliminate the structural deficit.
- Adopting a restructuring plan to improve efficiencies and accountability at the District Office and the Colleges.
- Addressing all audit findings.

### **Team Analysis of the College Responses to the January 27, 2022 Action Letter:**

**District Requirement 1:** In order to meet the Standards, the Commission requires the District have appropriate internal control mechanisms and regularly evaluate its financial management practices, and use the results for improvement to ensure financial documents have a high degree of credibility. (Standards III.D.5, III.D.6, III.D.8)

**Findings and Evidence:**

As requested by the Peer Review Team in March 2021, the College has been systematically addressing the following areas: 1. implementing appropriate internal controls; 2. regular evaluation of financial management practices; and, 3. improvement to ensure credible financial documents.

As noted in the November 11, 2021, Follow-Up Visiting Team Report, the District was on schedule to meet this requirement by June 30, 2022. The three areas above have been accomplished through ensuring adequate staffing for oversight and accountability; technical software updates and embedded controls; analysis and external review; and, the Board oversight focus on outcomes.

From August 2021 through Spring 2022, the District conducted a Program Review on the Finance and Administration Department, working with the Vice Chancellor of Business at Chabot Las Positas as an external consultant. Through the Program Review, the District identified departmental reorganization as an important strategy for oversight and accountability.

The District has addressed staffing issues in key financial operations positions, as well as key positions at the colleges. In the past, one position acted as the executive fiscal director, and had responsibility for both fiscal services activities and financial aid activities. Now, this position has been appropriately split into two directors to help increase capacity in both areas. The functional mapping project has been helpful in ensuring college and district operations are delineated and covered by the respective party. Further, external expertise was brought in to help support a better alignment of responsibilities to increase credibility and reliability of financial information.

The District has implemented the PeopleSoft IT improvements as well as a Data Integrity Project checklist. The PeopleSoft update has enabled the District to replace many error-prone paper-based processes and has improved reliability in information. Many of the past audit findings have been improved because of this important update that has connections to nearly all business operations at the district. Sufficient staff training has been provided to support the usability of the upgraded version of PeopleSoft.

The data integrity project ensured a regular review of existing and new projects that impact data dependability. These projects are reviewed, prioritized, and analyzed to ensure new projects don't negatively impact work processes and/or data relationships.

**Conclusion:**

The institution has addressed the requirement, corrected the deficiencies, and meets Standards III.D.5, III.D.6, and III.D.8.

**District Requirement 2:**

In order to meet the Standard, the Commission requires the District respond to all external audit findings, and such responses are comprehensive, timely, and communicated properly. (Standard III.D.7)

**Findings and Evidence:**

The reorganizations and technology improvements discussed under District Requirement 1 are the core improvements in helping the District respond to current findings and reduce repeat findings. Additionally, the District has been able to retain the internal auditor hired in 2020, which was a recommendation of the FCMAT review. Finally, the findings have been reviewed and communicated with relevant governance groups and with the Board of Trustees.

The District has addressed all of the 2021 audit findings; however, some of them are repeat findings from the 2020 audit. Over the past three years, the District has seen considerable decrease in financial statement findings. The 2019 audit included three material weakness findings and one significant deficiency. The 2021 audit identified no material weakness findings and only one significant deficiency finding. While the overall number of findings has stayed about the same, the most substantive areas of concern have been addressed and progress has been made on the other findings. Furthermore, the District has a corrective action plan that addresses each of the findings included in the 2021 audit.

While the District notes three of the 2022 audit findings have been resolved, the District won't have final evidence until the 2022 audit is completed in December 2022. Based on informal discussions with the District's external auditors in November 2022, the team and the auditor both have confidence in the systems that the District has put in place to address any future findings in a timely fashion.

**Conclusion:**

The institution has addressed the requirement, corrected the deficiencies, and meets Standard III.D.7.

**District Requirement 3:** In order to meet the Standard, the Commission requires the District must practice effective oversight of its financial aid programs. (Standard III.D.10)

**Findings and Evidence:**

The District has secured a key hire in the financial aid department at the District and has made progress in filling vacancies in financial aid departments across the colleges. These hires are making it possible for the District to implement the improvements necessary to meet the standard. Furthermore, these District and college positions have improved coordination and collaboration on policies, programs, and technology tools to better support students and improve the accountability framework.

As previously discussed in other areas of this review, the recent implementation of PeopleSoft updates was necessary to resolve many of the past audit findings; however, it has also required significant training and support to ensure a full and effective implementation. The District has secured contract expertise to identify problems in the conversion, to training and development of financial aid staff, and to generate process guides. This work will continue into the near future.

The District has greatly improved their ability to effectivity and efficiently provide oversight over their financial aid programs. While the work is yet to be completed, they have made tremendous strides in this area and should be commended for their efforts.

While the District notes some of the 2022 audit findings have been resolved, the District won't have final evidence until the 2022 audit is completed in December 2022. Based on informal discussions with the District's external auditors in November 2022, the team believes they will still have findings in the financial aid, however, the auditor noted the improvements the District's ability to improve operations in the department.

**Conclusion:**

The institution has addressed the requirement, corrected the deficiencies, and meets Standard III.D.7.

**District Requirement 4:** In order to meet the Standard, the Commission requires that the Board of Trustees assures the academic quality, integrity, and effectiveness of the student learning programs and services and the financial stability of the institution. (Standard IV.C.1)

**Findings and Evidence:**

The Peralta Community College District Board of Trustees (PCCD Board) has demonstrated that they continue to stay focused on their goals to ensure academic, quality, integrity, and effectiveness in student learning and financial stability. Not only has the Board adopted 2022-23 goals that emphasize Standard IV.C.1 and their continued efforts as effectiveness, they have also continued to receive, review and participate in discussions to ensure that they are, as a Board, remaining compliant with the standard. They have added additional trainings to their efforts, reconstituted Board committees, and continue to work with an outside facilitator to assess their progress.

The evidence presented in the report and interviews support that the Board has established practices that are consistent with ensuring the effectiveness of the student learning programs and services, and the financial stability of the institution. It is noteworthy that the Board President has provided outstanding leadership during the last few years. The culture shift in how the Board operates is palpable and if the Board continues with their work, they should share with others how they accomplished so much in two years.

**Conclusion:**

The institution has addressed the requirement, corrected the deficiencies, and meets Standard IV.C.1.

**District Requirement 5:** In order to meet the Standard, the Commission requires that once the Board of Trustees reaches a decision, all Board members act in support of board decisions. (Standard IV.C.2)

**Findings and Evidence:**

The team found that the Board of Trustees has implemented and sustains strategies to meeting Standard IV.C.2. While the Board, as with other Boards, has differences of opinion on various topics, the Board adopted and has sustained the *Board of Trustees Statement of Cooperation*.

In reviewing the evidence, viewing Board meetings on YouTube, and resolutions, the visiting team was able to document that the Board acts collectively, even when there are differing opinions. This was confirmed in the interviews with college leaders and board members. Board self-evaluations have improved steadily over the last three years. The Board has demonstrated the ability to have difficult conversations and stay focused the good of the college. This is a notably different picture than two years ago.

The team found through the evidence provided in the report and substantiated in the interviews that the Board has established clear goals and expectations for the Chancellor and have delegated appropriate authority to the chancellor. The team also found that the Board has conducted regular and meaningful evaluations that contribute to the overall effectiveness of the Board. The Board has developed a good relationship and partnership with the Chancellor that supports the overall goals of the district and was verified by the college presidents. The team also found that because the leadership of the district has stabilized, the evidence is there to support the Board has developed sustainable practices to ensure the good of the entire District.

**Conclusion:**

The institution has addressed the requirement, corrected the deficiencies, and meets Standard IV.C.2.

**District Requirement 7:** In order to meet the Standard, the Commission requires the governing board functions as an independent, policy-making body that reflects the public interest in the institution’s educational quality. (Standard IV.C.4)

**Findings and Evidence:**

The visiting team found in the evidence and in interviews with the college leaders that the Board has worked very hard to become an independent policy-making body that reflects the public interest in the institution’s educational quality as evidenced through:

- Staying focused on-Board Goal IV: Board Effectiveness.
- Voting record of the Board during FY 2021-22.
- Board self-evaluations showing more consensus and dialog in regular retreats.
- Productive and sustained collaboration and civil discourse even when there are strong dissenting opinions.

The visiting team noted an important shift in the Board of Trustees from representing their diverse viewpoints through conflict, to a representing their diverse viewpoints, and importantly representing the diverse communities they represent to ensure the educational quality is both accessible and effective for all students.

Observations of the actual Board meetings and the interviews with the Board members clearly reflects the difficult and hard work of the Board of Trustees. They have implemented sustainable policies, procedures, and practices to ensure that they can continue this work in the interest of the public interest.

Again, it is noteworthy that strong leadership by the Board President and the Chancellor has helped the Board institutionalize these practices.

**Conclusion:**

The institution has addressed the requirement, corrected the deficiencies, and meets Standard IV.C.4.

**Deficiencies Identified through Fiscal Monitoring**

**Establishing guidelines to reduce operational overspending and eliminate the structural deficit**

**Findings and Evidence:**

In past years, the District’s operational surplus was primarily due to audit adjustment. However, in 2021-22, the district was able to slightly increase their fund balance as a percent of expenditures as a result of improved budgeting practices. The District’s 5-Year Integrated Financial Plan is the basis for financial planning, which is supported by improved board goals, Board policies, and administrative procedures regarding prudent financial practices. While the District has seen a decline in enrollment, so have other colleges across the state and nation. The District appears to have the ability to manage their expenditures within the resources received.

**Conclusion:**

The institution has resolved the deficiency identified through fiscal monitoring.

**Adopting a restructuring plan to improve efficiencies and accountability at the District Office and the Colleges**

**Findings and Evidence:**

In recent years, this effort was difficult to complete due to staffing vacancies, particularly at key leadership levels. The continued appointment of Chancellor Jackson and the temporary reassignment of the College of Alameda’s president to the Vice Chancellor of Finance and Administration have helped create enough stability to complete this work. The updated District Realignment and Functional Mapping was presented to the Board in June 2022 and is currently being implemented. This effort has been developed through the use of functional maps that delineate responsibilities between the district and its colleges, with a lens to identify and respond to gaps in responsibilities.

**Conclusion:**

The institution has resolved the deficiency identified through fiscal monitoring.

**Addressing all audit findings**

**Findings and Evidence:**

Overall during the last two years the District has brought in reputable consultants to help with various audit findings. The District has implement continued improvements in internal controls focused at audit findings, reorganized staffing and realignments with colleges, and improved the timely communication.

The District has addressed all of the 2021 audit findings; however, some of them are repeat findings from 2020 audit. Over the past three years, the District has seen considerable decrease in financial statement findings. The 2019 audit included three material weakness findings and one significant deficiency. The 2021 audit identified no material weakness findings and only one

significant deficiency finding. While the overall number of findings has stayed about the same, the most substantive areas of concern have been addressed and progress has been made on the other findings. Furthermore, the District has a corrective action plan that addresses each of the findings included in the 2021 audit. The District now meets Standard. III.D.7 through responding to all audit findings in a comprehensive, timely manner while communicating appropriately to all stakeholders.

While the District notes three of the 2022 audit findings have been resolved, the District won't have final evidence until later November.

**Conclusion:**

The institution has resolved the deficiency identified through fiscal monitoring.