

**BOARD OF TRUSTEES AUDIT COMMITTEE MEETING
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOL**

**District Office
1601 South Lamar Street
Dallas, TX 75215-1816
Lower Level, Room 007
Tuesday, April 5, 2011
3:00 P.M.**

Agenda

- I. Certification of posting of notice of the meeting
- II. 2nd quarter report from internal audit as provided by Board Policy CDC (LOCAL), as follows:

All District accounts shall be subject to internal audit as deemed appropriate.

The objective of internal accounting control is to provide reasonable assurance as to the safeguarding of assets against loss from unauthorized use or disposition and to evaluate the reliability of financial records for preparing financial statements and maintaining accountability for assets. Findings of such audits shall be reported to the Board.

The internal audit staff has authority and responsibility for conducting financial and compliance audits. Upon specific request by the Board, Chancellor, or Vice-Chancellor of Business Affairs, the staff may also conduct operational efficiency audits. Access to records, personnel, and physical properties relevant to the performance of these audits is hereby authorized.

The director of internal audit shall meet quarterly with the Board's audit committee, Chancellor, and Vice-Chancellor of Business Affairs to review:

- 1. Activity reports highlighting significant audit findings and recommendations.*
- 2. Status reports on management's corrective actions.*
- 3. Comparisons to audit findings in previous years.*

4. *Annually, a proposed, documented audit plan.*

The Vice-Chancellor of Business Affairs shall supervise the director of internal audit.

III. Review of chancellor's travel as provided by Board Policy DEE (LOCAL), as follows:

The Chancellor is authorized to travel and incur reasonable travel expenses in the performance of his or her duties for the District without prior approval by the Board. The District shall reimburse the Chancellor for travel and related expenses based upon this policy.

While incurring travel expenses, the Chancellor shall be governed by the same standards that govern Trustees. [See BBG (LOCAL)]

Semi-annually, the Chancellor shall report to the audit committee of the Board the trips which he or she has taken, the purpose of each trip, and his or her travel expenses. The committee shall review the information and give direction to the Chancellor concerning the trips and expenses; however, the committee is not authorized to disapprove any trips or travel expenses unless the travel expenses exceed the standards provided in BBG of this manual.

If the Chancellor incurs travel expenses which are not authorized by BBG, he or she shall submit a request for approval to the audit committee of the Board and follow the same procedures provided in BBG. The committee is authorized to approve or disapprove travel expenses incurred by the Chancellor that exceed the standards in BBG.

IV. Executive Session

The Board may conduct an executive session as authorized under §551.074 of the Texas Government Code to deliberate on personnel matters, including any prospective employee who is noted in Employment of Contractual Personnel.

As provided by §551.072 of the Texas Government code, the Board of Trustees may conduct an executive session to deliberate regarding real property since open deliberation would have a detrimental effect upon negotiations with a third party.

The Board may go into an executive session to receive advice from counsel

regarding the District's redistricting obligations. As provided by §551.071 of the Texas Government Code, the Board of Trustees may conduct an executive session to seek the advice of its attorney and/or on a matter in which the duty of the attorneys under the Rules of Professional Conduct clearly conflict with the Open Meetings Act. The Board may seek or receive its attorney's advice on other legal matters during this executive session.

V. Adjournment

**CERTIFICATION OF NOTICE POSTED
FOR THE
APRIL 5, 2011
AUDIT COMMITTEE MEETING OF THE
DALLAS COUNTY COMMUNITY COLLEGE DISTRICT
AND RICHLAND COLLEGIATE HIGH SCHOOL
BOARD OF TRUSTEES**

I, Wright L. Lassiter, Jr., Secretary of the Board of Trustees of the Dallas County Community College District, do certify that a copy of this notice was posted on the 1st day of April 2011, in a place convenient to the public in the District Office Administration Building, and a copy of this notice was provided on the 1st day of April 2011, to John F. Warren, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the George Allen, Sr. Courts Building, all as required by the Texas Government Code §551.054.



Wright L. Lassiter, Jr., Secretary

II. 2nd QUARTER REPORT FROM INTERNAL AUDIT

TO: Audit Committee of the Board of Trustees

FROM: Rafael J. Godinez, CPA

DATE: March 16, 2011

RE: Quarterly Summary of Activities for the 2nd Quarter Ended February 28, 2011

The following is a summary of activities by the DCCCD Internal Audit department during the second quarter of Fiscal Year 2011.

AUDITS COMPLETED – Reports Issued

- Official Functions Expenditures

Charges to the Official Functions account should be limited to expenditures for events designed for the purpose of creating and enhancing public awareness and support for the college through external functions not exclusively involving college employees. Funds expended from the account should not directly benefit nor appear to benefit any employee or group of employees. The purpose of the audit was to determine compliance with policies and procedures pertaining to the use of funds for official functions. During the period audited, we noted that five of the colleges charged to official functions accounts in the general fund 11 staff development divisions, with expenses for conference day and beginning of semester reporting days. These should have been charged to divisions within fund 24 which are designed for “staff and college related activities.” For the current fiscal year, these accounts have been revised and are now set up in the proper funds.

- Information Technology General Controls Review

IT General Controls are defined as controls, other than application controls, which relate to the environment within which computer based applications systems are developed, maintained and operated, and are therefore applicable to all applications. These controls include the development and implementation of IT strategy, security policy, organization of staff, and planning for disaster prevention and recovery. The purpose of the audit was to verify controls over access to the physical environment, adequate segregation of key functions, management of changes to application systems, and restriction of access to sensitive Colleague commands. The audit concluded that IT General Controls are in place and are operating as designed.

- Non-Teaching Extra Service Payments

This audit included non-teaching stipends (at the regular adjunct rate and at the supplemental summer formula rate) awarded to faculty, as well as overtime stipends (both straight time and time and a half) given to support personnel during the fiscal year ended August 31, 2010. The purpose of the audit was to ensure compliance with District policies and procedures pertaining the awarding of supplemental pay to employees. Overall, the issuance of supplemental pay to employees was made in accordance with policies and procedures. However, we noted and reported 10 instances where faculty supplemental formula pay contracts for non-teaching activities at four colleges had not been approved by the president as required. Additionally, the process of documenting overtime is being requested and approved prior to the performance of the work is not consistent throughout the District.

- Accounts Receivable – Sponsored Billings

The majority of students attending the District pay for their credit and non-credit tuition at the time of registration or just prior to the commencement of classes. However, there are students whose cost of attendance is paid either by a state agency or by their employer or by an outside organization. These “sponsored” students tuition is recorded and later billed to the individual sponsor. The purpose of the audit was to review and test for compliance with procedures the billing and collection of charges as well as the follow-up process and monthly reconciliation of accounts to the general ledger. Overall, charges are being properly recorded, billed and collected on a timely basis. However, the audit noted and reported instances of reconciliations with receivable balances that were not being cleared, refunded or written off on a timely manner. Students with outstanding receivables from their sponsors are being allowed to register for the subsequent semester. Additionally, a recurring “reconciling balance” from several years back is still on the general ledger and has not yet been properly addressed.

AUDITS IN PROGRESS

The following audits are currently in various stages of progress:

- Adjunct Instructors Teaching Load
- Access Controls – P/R and H/R
- Upward Bound Grant – Eastfield College

OTHER

This year’s Control Self-Assessment program will be a follow-up to the information privacy and security program of two years ago. Questions have been developed in conjunction with the colleges’ information privacy and security officers and the questionnaires are scheduled to be distributed in April.