

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

**District Office
1601 South Lamar Street
Board Room (007)
Dallas, TX 75215
Tuesday, March 17, 2009
3:00 PM**

AGENDA

1. Certification of posting of notice of meeting Wright Lassiter
2. Statement from the presiding officer concerning compliance with the Open Meetings Act:

Fellow trustees and members of the audience, at this time I remind each of us of Attorney General Opinion No. GA-0668 concerning specificity of agendas and compliance with the Open Meetings Act.

As indicated in the Board meeting brochure, "Citizens desiring to address the board are advised that the board may not take formal action on matters that are not part of the meeting agenda."

Further, trustees may not discuss or deliberate on any topic that is not specifically named in the agenda that was posted, 72 hours in advance of the meeting today, at the Frank Crowley Courts Building and at this address.

For any non-agenda topic that is introduced during this meeting, each of us is reminded there are only three permissible responses: 1) to provide a factual answer to a question, 2) to cite specific Board of Trustees policy relevant to the topic, or 3) to place the topic on the agenda of a subsequent meeting.

3. Approval of Changes to Policy CAK (LOCAL) Regarding Liquidity and Diversification Kim Green

Committee Action: Motion to recommend approval by the Board of Trustees at its regular meeting on April 7, 2009

4. Approval of Agreements (2) with Grant Thornton Kim Green

Committee Action: Motion to recommend approval by the

Board of Trustees at its regular meeting on April 7, 2009

5. 2nd Quarter Financial Report

Kim Green

Committee Action: Motion to recommend presentation to the Board of Trustees at its regular meeting on April 7, 2009, as provided by Board Policy CDA (LOCAL)

6. 2nd Quarter Report from Internal Audit

Rafael Godinez

Committee Action: Review as required by Board Policy CDC (LOCAL)

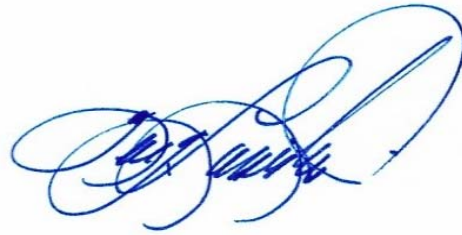
7. Report of Chancellor's Travel

Kathryn Tucker

8. Adjournment

**CERTIFICATION OF POSTING OF NOTICE MARCH 17, 2009
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 13th day of March, 2009, in a place convenient to the public in the District Office Administration Building, and a copy of this notice was provided on the 13th day of March, 2009, to John F. Warren, County Clerk of Dallas County, Texas, and the notice was posted on the bulletin board at the Frank Crowley Courts Building, all as required by the Texas Government Code, §551.054.

A handwritten signature in blue ink, appearing to read 'Wright L. Lassiter, Jr.', is written over a horizontal line.

Wright L. Lassiter, Jr., Secretary

POLICY REPORT NO.

Approval of Revision to Board Policy Regarding Liquidity and
Diversification of Investments

It is recommended that the Board amend CAK (LOCAL) only as follows:

APPROPRIATIONS AND REVENUE SOURCES

LIQUIDITY AND DIVERSIFICATION.

The college district shall make investments as defined in this policy in the section AUTHORIZED INVESTMENTS and no single type of investment may comprise more than 75 percent of the portfolio at any time. If, however, market conditions so warrant, the chancellor or vice chancellor of business affairs, by written authorization, may invest up to 85% in a single-type investment for no more than one calendar quarter. The chancellor or vice chancellor of business affairs may extend this investment another quarter through another written authorization. To maintain a sufficient level of liquidity, at least ten percent of the portfolio will be maintained in investment pools.

Effective: April 7, 2009

Background

The District's Investment Policy currently limits consolidation within an individual investment type to a maximum of 75% of the District's entire portfolio of investments. Recent market conditions have caused interest rates for U.S. Treasury securities to plummet to almost zero and investment pools to 1% or less. This recommendation does not broaden the scope of the allowable securities, but allows the flexibility for more concentration in one type of security when market conditions create a possibility for earning greater interest for the District in that investment type without jeopardizing the principal. This would be done only rarely and under careful review and approval by the executive vice chancellor of business affairs or the chancellor.

Submitted by Mr. Robert Young, district legal counsel and Mr. Edward DesPlas, executive vice chancellor, business affairs

FINANCIAL REPORT NO.

Approval of Agreements with Grant Thornton

It is recommended that authorization be given to approve an agreement with Grant Thornton in an amount not to exceed \$114,675 for fees plus \$6,881 for administrative expenses for a total amount of \$121,556 for auditing and reporting on DCCCD's financial statements for the year ending August 31, 2009.

It is further recommended that authorization be given to approve an agreement with Grant Thornton in an amount not to exceed \$6,800 for fees plus \$408 for administrative expenses for a total amount of \$7,208 for reviewing the schedule of current funds expenses by individual campus and central administrative function for the year ending August 31, 2009.

Background

For the audit for the period ending August 31, 2009, Grant Thornton's engagement letter indicates the following financial terms for the first agreement:

Our billings for the services set forth in this Engagement Letter are estimated as follows and are due upon receipt:

<i>General purpose financial audit</i>	<i>\$79,850</i>
<i>OMB Circular A-133/State of Texas Single Audit</i>	<i>\$30,850</i>
<i>Procedures related to Richland Collegiate High School</i>	<i>\$ 3,975</i>

In addition, we bill for our expenses, which includes six percent of fees to cover items such as copies, postage, supplies, computer and technology usage, software licensing, and research and library databases, and similar expense items.

As was the case last year, in addition to the previously scheduled annual increase in cost, the cost of both the general purpose financial audit, which includes the Richland Collegiate High School, and the OMB Circular A-133/State of Texas Single Audit is 10% higher this year than in the original proposal due to increased requirements of new statements of auditing standards that prescribe additional audit responsibilities. This 10% cost increase correlates to the projected additional hours needed to fulfill the requirements of the new standards. Also, the number of grants being audited as part of the OMB Circular A-133/State of Texas Single Audit is being increased to level out the number needing to be audited each year.

For the review for the period ending August 31, 2009, Grant Thornton's engagement letter indicates the following financial terms for the second agreement:

Our billings for the services set forth in this Engagement Letter are estimated to be:

*Review of Schedule of Current funds Expenses by
Individual Campus and Central Administrative Function \$6,800*

In addition, we bill for our expenses, which includes six percent of fees to cover items such as copies, postage, supplies, computer and technology usage, software licensing, and research and library databases, and similar expense items.

This review is needed to meet SACS requirements. A review is different than an audit and has for that reason been submitted as a separate engagement letter in order to enumerate the services provided for a review as opposed to an audit.

This is the fifth year of the planned five years of engagement.

Submitted by Mr. Edward DesPlas, executive vice chancellor, business affairs

INFORMATIVE REPORT NO.

Presentation of 2nd Quarter Financial Statements

The 2nd quarter financial statements are presented as provided by Board Policy CDA (Local) which states: *Periodic financial reports shall be submitted to the Board outlining the progress of the budget to that date and reporting on the status of all District funds and District accounts.*

Background

The 2nd quarter financial statements are typical for this phase of the annual financial cycle.

Submitted by Mr. Edward DesPlas, executive vice chancellor, business affairs

DALLAS COUNTY COMMUNITY COLLEGE DISTRICT



Financial Statements

As of February 28, 2009

**Dallas County Community College District
2nd Quarter Financial Report
Executive Summary**

There have been no significant changes or transactions affecting the financial position of the District for the period September 1, 2008 through February 28, 2009, with the exception of the issuance of \$211.9 million in Series 2008 General Obligation Bonds in September 2008. A brief analysis of each of the primary statements follows.

Balance Sheet

The schedule *Combined Balance Sheet* presents the unaudited Combined Balance Sheet by fund group as of February 28, 2009. The assets of the District continue to consist primarily of cash, investments, and plant assets (approximately 95.9% of total assets). Cash, cash equivalents, and investments decreased approximately \$67.6 million (18.0%) from February 29, 2008. This decrease is primarily due to payment of construction expenditures related to the voter-approved capital improvement projects. Receivables decreased approximately \$0.4 million (3.0%) from February 29, 2008. This decrease is primarily due to an increase in student tuition receivables, combined with a decrease in Federal grant receivables. Inventories and other assets increased approximately \$2.6 million (52.6%) from February 29, 2008. This increase is primarily due to the increase in investment interest receivable for securities in the investment portfolio and bond issuance costs for the 2008 General Obligation Bonds. Property, plant and equipment increased approximately \$102.1 million (28.6%) from February 29, 2008. This increase is primarily related to the capitalization of assets for major repairs and rehabilitation projects, construction projects and other capital equipment expenditures, net of asset disposals and depreciation. Total combined assets have increased from February 2008 by about \$46.1 million (6.1%). The District's Combined Assets, Liabilities and Fund Balances are depicted graphically in Figures 1-2.

District assets are funded approximately 53.2% by fund balances, and 46.8% by liabilities. Isolating the effects of interfund payables, total liabilities of the District have increased about \$82.4 million (29.5%) when compared to February 2008. This increase is mainly attributable to the issuance of the \$211.9 million of General Obligation Bonds.

Schedule of Fund Balances

The *Schedule of Fund Balances* presents the total fund balances of the District by fund and by type (i.e. Restricted, Designated, etc.). The largest components of fund balance are the investment in plant assets (\$144.7 million, 34.1%) and current

operating funds (\$209.1 million, 49.2%). Total current fund balances increased by approximately \$73.7 million (46.9%) for the year to date. The change in fund balance is cyclical in nature over the course of the fiscal year. The components of the fund balances are depicted graphically in Figure 3.

Statement of Current Funds Revenues, Expenditures, and Other Changes

The results of operations for the current funds are summarized in the *Combined Current Funds Revenues, Expenditures and Transfers* table. This table presents a comparison for the second quarter ended February 28, 2009, February 29, 2008 and February 28, 2007.

Current revenues have increased from the same period in the prior year. Unrestricted state appropriations to date increased approximately \$5.3 million (13.8%) from February 2008 as a result of payments from the state being paid in advance of the scheduled time until vetoed funds for insurance benefits can be restored by the legislature. Total tuition and charges have increased approximately \$6.9 million (11.8%) from February 2008 primarily due to an enrollment increase and a tuition increase that became effective in Spring 2009. Ad valorem tax revenue in the current funds increased approximately \$4.5 million (3.9%) from February 2008 primarily due to an increase in property valuation. Investment revenue decreased approximately \$1.9 million (35.9%) from February 2008 as a result of decreased interest rates in the District's investment portfolio. Contracts and grants revenue increased approximately \$5.5 million (18.2%) from February 2008 as a result of increased Federal financial aid from the Department of Education. Auxiliary Enterprises revenue increased approximately \$0.5 million (22.3%) from February 2008 as a result of an increase in bookstore revenue. The District's Current Unrestricted Revenues are depicted graphically in Figure 4.

Current unrestricted funds expenditures are relatively unchanged from those from the same period in the prior year reflecting mainly the cost of living increase. Institutional Support grew proportionately larger than other expenditures due to IT purchases. Current Unrestricted Expenditures are shown in Figure 5.

Restricted expenditures are approximately \$5.7 million (18.9%) ahead of those from the same period in the prior year primarily due to corresponding increases in expenditures resulting from the increased revenues for financial aid described above.

In summary, the net difference between total expenditures and transfers and total revenues results in an increase to fund balance of approximately \$73.7 million for the first six months of the 2008-09 fiscal year. This change is due primarily to the increase in tuition revenues and taxes.

Dallas County Community College District
Combined Balance Sheet (Unaudited)
February 28, 2009
With Comparative Totals (000's)

	<i>Current Funds</i>	<i>Plant Funds</i>	<i>Loan and Agency Funds</i>	<i>Quasi- Endowment Fund</i>	<i>Total Current Year</i>	<i>Total As Of 08/31/08</i>	<i>Total February 2008</i>
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$109,060	(\$34,389)	\$1,963	\$1,504	\$78,138	\$108,906	\$237,117
Receivables, Net	12,548	137	52	300	13,037	28,668	13,441
Inventories and Other Assets	4,446	3,022			7,468	5,495	4,895
Due From Other Funds		12,458	6		12,464	2,545	3,097
Investments	146,859	78,300		3,789	228,948	149,606	137,528
Property, Plant, and Equipment		458,795			458,795	466,381	356,651
TOTAL ASSETS	\$272,913	\$518,323	\$2,021	\$5,593	\$798,850	\$761,601	\$752,729
<u>LIABILITIES:</u>							
Accounts Payable and Accrued Liabilities	\$25,560	\$12,860	\$106		\$38,526	\$53,882	25,734
Due to Other Funds	12,461			3	12,464	2,545	3,097
Deposits and Deferred Revenues	3,873		1,445	133	5,451	29,817	5,086
Notes Payable						51	153
Bonds Payable		317,745			317,745	248,355	248,355
TOTAL LIABILITIES	\$41,894	\$330,605	\$1,551	\$136	\$374,186	\$334,650	\$282,425
<u>FUND BALANCES:</u>							
<u>Current Funds:</u>							
Operating	\$209,098				\$209,098	\$138,622	\$194,396
Auxiliary	21,796				21,796	18,480	19,637
Restricted	-				-	-	-
Richland Collegiate High School	125				125	181	226
<u>Plant Funds:</u>							
Unexpended		33,302			33,302	22,973	4,728
Retirement of Indebtedness		9,682			9,682	3,541	5,213
Investment in Plant		144,734			144,734	237,335	240,043
Loan Fund			470		470	469	482
Quasi-Endowment Fund				5,457	5,457	5,350	5,579
TOTAL FUND BALANCES	\$231,019	\$187,718	\$470	\$5,457	\$424,664	\$426,951	\$470,304
TOTAL LIABILITIES & FUND BALANCES	\$272,913	\$518,323	\$2,021	\$5,593	\$798,850	\$761,601	\$752,729

Combined Assets
As of February 28, 2009

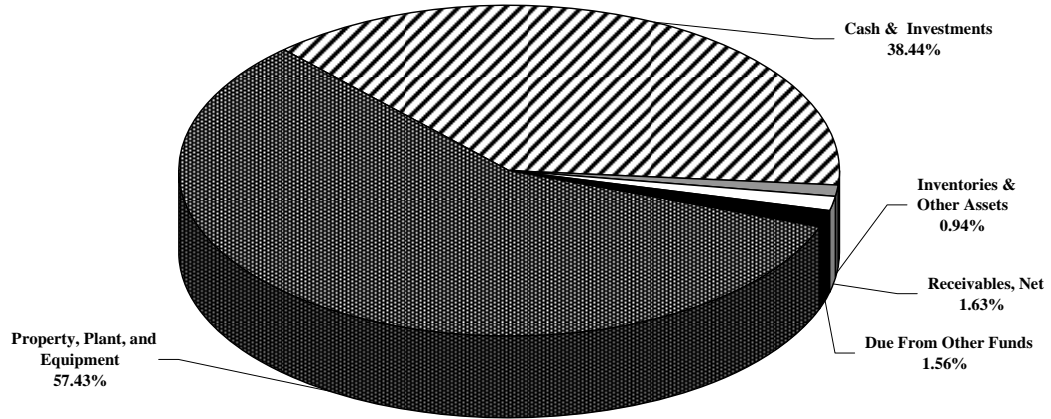


Figure 1 - Combined Assets

Combined Liabilities and Fund Balances
As of February 28, 2009

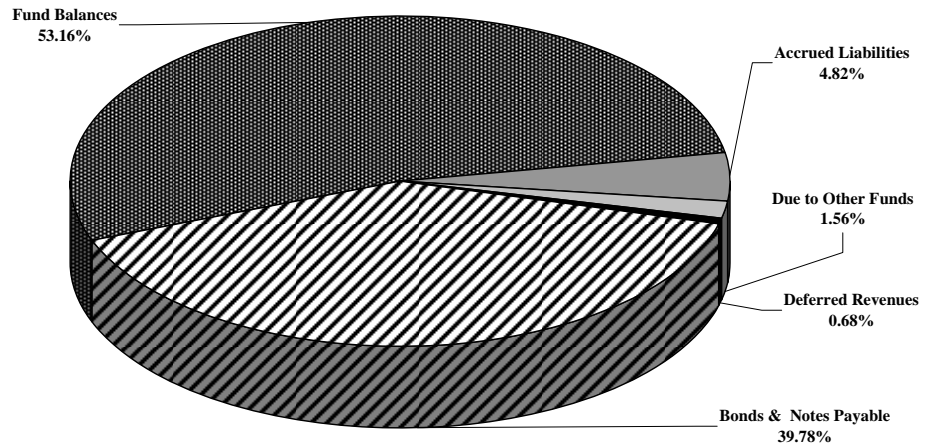
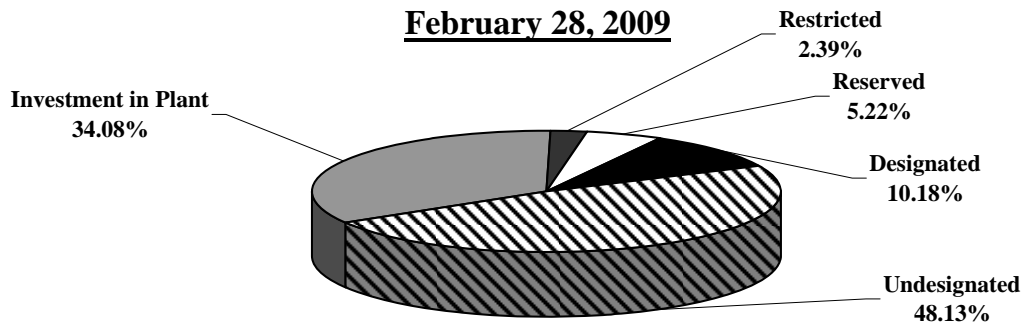


Figure 2 - Combined Liabilities and Fund Balances

Dallas County Community College District
Schedule of Fund Balances (Unaudited)
February 28, 2009
With Comparative Totals (000's)

	<i>Unrestricted</i>			<i>Restricted</i>		<i>Net Investment in Plant</i>	<i>Total- Current Month</i>	<i>Fiscal Year Ending 08/31/08</i>	<i>Net Change Increase/ (Decrease)</i>
	<i>Reserved</i>	<i>Designated</i>	<i>Undesignated</i>	<i>Debt Service</i>	<i>Other</i>				
<u>FUND BALANCES:</u>									
<i>Current Funds:</i>									
Operating	\$20,523	\$4,484	\$184,091				\$209,098	\$138,622	\$70,476
Auxiliary	1,623	2	20,171				21,796	18,480	3,316
Restricted							-	-	-
Richland Collegiate High School	6		119				125	181	(56)
<i>Subtotal:</i>	22,152	4,486	204,381				231,019	157,283	73,736
<i>Plant Funds:</i>									
Unexpended		33,302					33,302	22,973	10,329
Retirement of Indebtedness				9,682			9,682	3,541	6,141
Investment in Plant						144,734	144,734	237,335	(92,601)
Loan Fund					470		470	469	1
Quasi-Endowment Fund		5,457					5,457	5,350	107
TOTAL FUND BALANCES	\$22,152	\$43,245	\$204,381	\$9,682	\$470	\$144,734	\$424,664	\$426,951	(\$2,287)

Fund Balances by Type - All Funds



Fund Balances by Fund Group - All Funds

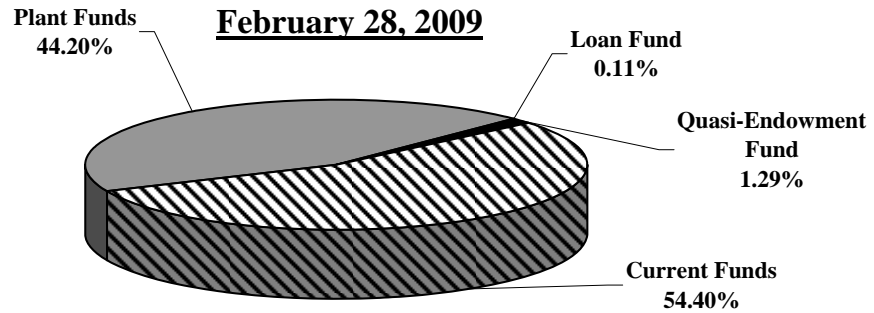
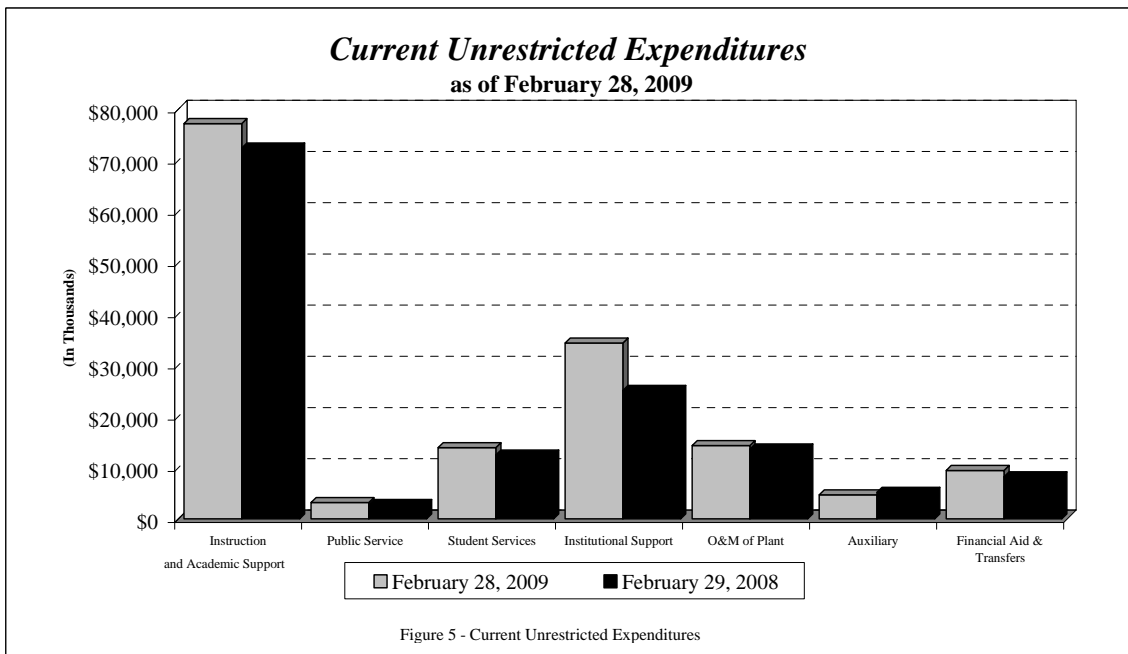
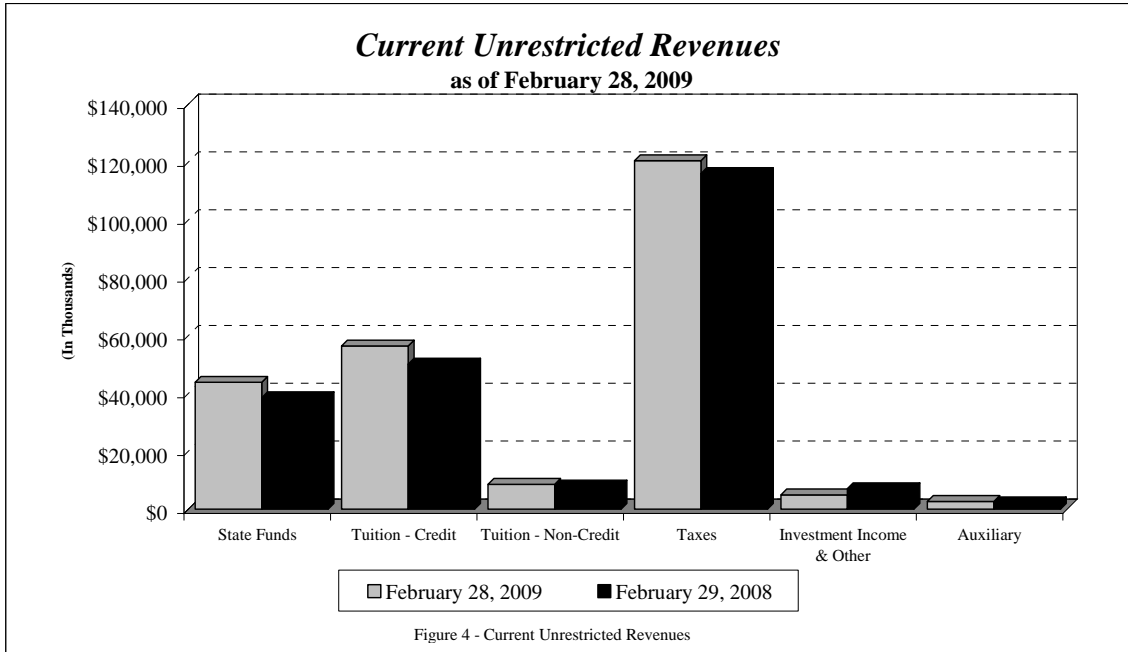


Figure 3 - Fund Balances By Type & Fund Group

*Dallas County Community College District
 Combined Current Funds Revenues, Expenditures, and Transfers (Unaudited)
 For the Six Months Ending February 28, 2009
 With Comparative Totals (000's)*

	<i>Operating</i>	<i>Auxiliary</i>	<i>Restricted</i>	<i>RCHS</i>	<i>Total Current Year</i>	<i>Total February 2008</i>	<i>Total February 2007</i>
<u>REVENUES:</u>							
State Appropriations	\$43,864		\$6,632	\$928	\$51,424	\$52,180	\$48,759
Tuition & Charges - Credit	56,406				56,406	50,124	47,816
Tuition & Charges - Non-Credit	8,570				8,570	7,988	7,062
Total Tuition & Charges	64,976				64,976	58,112	54,878
Ad Valorem Taxes	120,478				120,478	116,010	107,242
Investment Income	3,116	281		11	3,408	5,317	4,395
Contracts & Grants	520	2	35,151		35,673	30,174	27,241
Other	993				993	1,045	781
Auxiliary Enterprises		2,657			2,657	2,173	2,432
TOTAL REVENUES	\$233,947	\$2,940	\$41,783	\$939	\$279,609	\$265,011	\$245,728
<u>EXPENDITURES:</u>							
Instruction and Academic Support	\$77,179		\$7,741	\$541	\$85,461	\$85,332	\$82,062
Public Service	3,173		2,191	84	5,448	4,799	5,141
Student Services	13,896		4,097	95	18,088	16,373	14,927
Institutional Support	34,328		3,701	275	38,304	30,050	28,155
Operation and Maintenance of Plant	14,305				14,305	13,638	12,957
Financial Aid	4,532		26,080		30,612	25,055	22,962
Auxiliary Enterprises		4,679			4,679	5,179	5,214
Mandatory Transfers	(4,914)		1,642		(3,272)	(2,609)	(2,849)
TOTAL EXPENDITURES & MANDATORY TRANSFERS	\$152,327	\$4,679	\$42,168	\$995	\$200,169	\$183,035	\$174,267
<u>Other Transfers and Additions, net</u>	(11,144)	5,055	385		(5,704)	(6,420)	(5,322)
NET INCR/(DECR) in FUND BALANCE	\$70,476	\$3,316	-	(\$56)	\$73,736	\$75,556	\$66,139



GLOSSARY

FUND GROUPS

Current funds: Funds available for current operating and maintenance purposes as well as those restricted by donors and other outside agencies for specific operating purposes. Current funds are segregated into separately balanced fund groups.

Unrestricted current funds: Funds that have no limitation or stipulations placed on them by external agencies or donors. The funds are used for carrying out the primary purpose of the District, i.e., educational, student services, extension, administration and maintenance of facilities.

Auxiliary enterprises: Funds for activities that serve students, faculty, or staff for charges that are directly related to, although not necessarily equal to, the cost of the service. Examples are food services and bookstores. The state of Texas expects auxiliary enterprises to be self-supporting on a perpetual basis.

Restricted current funds: Funds available for current purposes but with restrictions from outside agencies or persons. Revenues are reported only to the extent of expenditures for the current year.

Plant funds: Plant funds are divided into three separately balanced fund groups.

Unexpended: Funds for the construction, rehabilitation, and acquisition of physical properties for institutional purposes.

Retirement of indebtedness: Funds accumulated to meet debt service charges and the retirement of indebtedness.

Investment in plant: Funds already expended for plant properties. Physical properties are stated at cost at the date of acquisition or fair market value at the date of donation for gifts. Depreciation on physical plant and equipment is recorded.

Loan funds: Funds available for loan to students.

Agency funds: Funds held by the District as custodial or fiscal agent for students, faculty members, and/or others.

Quasi-endowment and similar funds: Funds subject to certain Board-designated restrictions.

FUNCTIONAL AREAS OF EXPENDITURES

Instruction: Salaries, wages, supplies, travel, office furniture, equipment and other expenses for the operation of general academic and technical/vocational instructional departments.

Public service: All costs of activities designed primarily to serve the general public, including correspondence courses, adult study courses, public lectures, workshops, institutes, and similar activities.

Academic support: Library – Salaries, wages, library materials (including books, journals, audiovisual media, computer-based information, manuscripts and other information sources), binding costs, equipment and other operating costs of the library. Also, Instructional Administration Expense – Salaries, wages, supplies, travel, equipment and other operating expense of the offices of academic deans or directors of major teaching department groupings.

Student services: Salaries, wages and all other costs associated with admissions and registration, student financial services (including financial aid), student recruitment and retention, testing and guidance, career placement services and other student services.

Institutional support: Salaries, wages and all other costs for the governance of the institution, executive direction and control, business and fiscal management, campus security, administrative data processing, central support services, purchasing and other general institutional activities.

Operation and maintenance of plant: Salaries, wages, supplies, travel, equipment, services and other operating expenses for physical plant administration services, building maintenance, custodial services, grounds maintenance, utilities and major repairs and rehabilitation of buildings and facilities.

Staff benefits: Premiums and costs toward staff benefit programs for employees. Examples of authorized staff benefits are group insurance premiums, workers' compensation insurance, Medicare, retirement contributions and parking stipends. For reporting purposes, staff benefits are allocated over the functional areas based on salaries.

Scholarships and fellowships: Expenditures for student financial aid including waivers, scholarships, and state and federal financial assistance.

Auxiliary enterprises: Expenditures related to bookstore, food service, intercollegiate athletics, and Center for Educational Telecommunications operations.

OTHER FINANCIAL TERMS

Audit of financial statements: Generally the expression of an opinion by the auditor that the financial statements present fairly in accord with certain standards, in all material respects the financial position of the organization being audited. It is not a determination of the presence or absence of fraud or deliberate misrepresentation.

Fraud: A false representation of a matter of fact that should have been disclosed, which deceives another so that he/she acts upon it to his/her injury.

GAAP: Generally accepted accounting principles. Rules, conventions, standards, and procedures that are widely accepted among accountants. GAAP doctrine is established by a combination of authoritative standards set by policy boards such as the Governmental Accounting Standards Board (GASB), an independent, self-regulating organization, and accounting practices developed over time that have become universally accepted as appropriate.

GASB 31: A pronouncement by the Governmental Accounting Standards Board that provided for dissolution of distinct differences between book and market values. It caused there to be a “mark to market” on a regular basis, with recognition of gains or losses contemporaneously by booking an unrealized gain or loss.

GASB 34 and 35: Pronouncements by the Governmental Accounting Standards Board that were implemented beginning with the August 31, 2002 audited financial statements. Implementation of the pronouncements changed wording of the auditor's opinion, added a management's discussion and analysis section, reformatted financial statement line items, presented a single consolidated funds column, added a cash flow statement, and made various changes to the footnotes.

Internal control: The system of business procedures that limits and may prevent access of individuals to misappropriate the funds of an organization. One example is a separation of duties between execution and recording of transactions.

Management letter: A letter, generally issued by external auditors, pointing out various findings that were noted in connection with the audit engagement. Often these items involve observed weaknesses in internal control.

Materiality: A state of relative importance. Strict adherence to any accounting principle is not required when the lack of adherence does not produce an error or misstatement sufficiently large as to influence a financial statement reader's judgment of a given situation.

Repurchase agreement: Agreement between a seller and a buyer, usually of agency

or treasury securities, where the seller agrees to repurchase the securities at an agreed upon price and date. A “flex-repo” allows periodic draws against the overall value without a complete repurchase of all principal values.

Unrealized gain or loss: The amount of difference between market value and book value of securities recorded on the financial records of an entity. The amount is an unrealized gain if market value is higher than book value. If the market value is lower than the book value, an unrealized loss is recorded. The amount is unrealized until such time as the security or asset is actually sold by the investor, at which time the amount of difference between market and book values is realized. A security held to maturity will not ever realize a gain or loss.

TO: Audit Committee of the Board of Trustees

FROM: Rafael J. Godinez, CPA

DATE: March 6, 2009

RE: Quarterly Summary of Activities
For the 2nd Quarter Ended February 28, 2009

The following is a summary of activities by the DCCCD Internal Audit Department since the Audit Committee meeting December 16, 2008.

AUDITS COMPLETED – Reports Issued

- Upward Bound Grant – Richland College

The purpose the audit was to ensure continued compliance with Department of Education rules and regulations as well as grant provisions for Upward Bound activities. Richland's Upward Bound serves three high schools in the Richardson School District and one high school in the Garland School District for a total of 100 low income and potential first generation college bound students. The objectives of the grant are to provide the students with tutoring and academic advisement, mentoring, exposure to cultural events, and counseling on potentials of higher education. Other than some missing documentation (tracking of high school graduation and transcripts) on students who had dropped out of the program, no significant findings were noted. Richland's Upward Bound program is achieving or exceeding the rates of completion proposed in the grant application.

- Credit Card Payment Chargebacks – District Wide

The purpose of the audit was to review controls over the handling and settling of credit card chargebacks. A chargeback is a reversal of a previous point-of-sale transaction resulting when the cardholder disputes a charge posted to their account. The majority of the chargeback disputes were for payments made on the web, which result in a transaction occurring without the cardholder's signature. Disputes also occur due to partial refunds due students who drop courses after the first day of class and the student only receives a percentage of the original tuition charged. All chargebacks are processed at the District Service Center. Each college is responsible for documenting the disputed charges. No significant findings were

noted. However, a recommendation was made to enhance the documentation for handing chargebacks in the Business Procedures Manual.

- Tuition Installment Payment System – District Wide

The purpose of the audit was to determine the adequacy of controls over the tuition installment system and to ensure compliance with policies and procedures pertaining to setting up and monitoring payments. Under the tuition installment plan, students pay one-half of the tuition at the time the plan is initiated, one-quarter of the payment before the sixth class week, and the final payment prior to the eleventh class week. There is a one time, non-refundable set-up charge of \$15, and a penalty of \$10 for late payments, up to \$20. In fiscal 2008, a total of 30,897 pay plan contracts were established and the District earned \$463,455 and \$239,260 from set-up charges and late fees, respectively. No significant findings were noted. However, recommendations were made and accepted by management pertaining to the automation of late fee processing and posting, and enhancing documentation of the existing process of closing a pay plan once all outstanding balances are settled.

AUDITS IN PROGRESS

The following audits are currently in progress:

- Rising Star
- Supplemental Tuition
- Bookstore Contract

OTHER

This year's Control Self-Assessment survey questions have been drafted and the survey will be distributed on March 27th. Since this year's program will consist entirely of information and data security related issues, we anticipate a wider distribution than in prior years.

cc Wright Lassiter
Ed DesPlas