

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

**District Office  
1601 South Lamar Street  
Dallas, TX 75215  
Lower Level, Room 007  
Tuesday, December 17, 2013  
2:00PM**

**AGENDA**

- |   |                           |
|---|---------------------------|
| I. Certification of notice posted for the meeting   | Dr. Wright Lassiter       |
| II. Presentation of Letter from Independent Auditors to the Audit Committee of the Board of Trustees<br><b>Committee action:</b> Review   | McConnell &<br>Jones, LLP |
| III. Presentation of <i>Financial Statements and Office of Management and Budget Circular A-133 Supplemental Financial and Compliance Report Together with Reports of Independent Auditors, August 31, 2013 and 2012</i> , and, Internal Control Letter to the Board of Trustees (as provided by Board of Trustees policy CDC-Local)<br><b>Committee action:</b> Review and recommend for presentation to Board of Trustees at the Special Board Meeting on December 17, 2013 | Ed DesPlas                |
| IV. Presentation of <i>Quarterly Summary of Internal Audit Activities for the 1<sup>st</sup> Quarter Ended November 30, 2013</i> (as provided by Board of Trustees policy CDC-Local)<br><b>Committee action:</b> Review (pp. 3-5)   | Rafael Godinez            |
| V. Presentation of <i>Quarterly Summary of Internal Audit Activities for the 4<sup>th</sup> Quarter Ended August 31, 2013</i> (as provided by Board of Trustees policy CDC-Local)<br><b>Committee action:</b> Review (pp. 6-7)  | Rafael Godinez            |
| VI. Annual Internal Audit Plan for 2013-2014<br><b>Committee Action:</b> No action required (pp. 8-11)  | Rafael Godinez            |
| VII. Review of Chancellor's Travel<br><b>Committee action:</b> No action required   | Susan Hall                |

VIII. Executive session

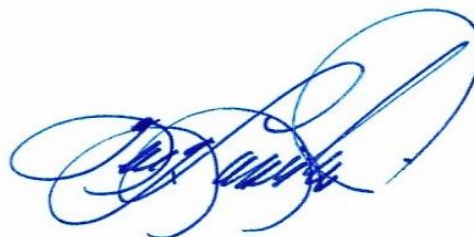
The Board may conduct an executive session as authorized under §551.074 of the Texas Government Code to deliberate on personnel matters, including any prospective employee who is noted in Employment of Contractual Personnel.

The Board may conduct an executive session under §551.071 of the Texas Government code to seek the advice of its attorney and/or on a matter in which the duty of the attorney under the Rules of Professional Conduct clearly conflict with the Open Meetings Act.

IX. Adjournment

**CERTIFICATION OF NOTICE POSTED  
FOR THE DECEMBER 17, 2013  
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 13<sup>th</sup> day of December 2013, in a place convenient to the public in the District Office Administration Building, and a copy of this notice was provided on the 13<sup>th</sup> day of December 2013, 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

**TO:** Audit Committee of the Board of Trustees

**FROM:** Rafael J. Godinez, CPA

**DATE:** December 2, 2013

**RE:** Quarterly Summary of Activities  
For the 1<sup>st</sup> Quarter Ended November 30, 2013

The following is a summary of activities by the DCCCD Internal Audit Department for the period of September to November 2013.

**AUDITS COMPLETED – Reports Issued**

**- Law Enforcement Academy – Cedar Valley College**

The purpose of the audit was to review records of enrollees in the Academy for compliance with rules and regulations issued by the Texas Commission on Law Enforcement (TCOLE). The audit also examined the operations of the Academy for compliance with District and Cedar Valley College policies. Several findings were reported to management pertaining to student and instructor records. All issues were satisfactorily addressed and corrected subsequent to the audit.

**- Criminal Justice Training Center – Eastfield College**

The purpose of the audit was to review records of enrollees in the Academy for compliance with rules and regulations issued by the Texas Commission on Law Enforcement (TCOLE). The audit also examined the operations of the Academy for compliance with District and Eastfield College policies. No significant findings were noted.

**- Airline Ticket Purchases – District Wide**

The District has contracted with National Travel Systems, LP (NTS) as the primary source for the acquisition of airline tickets for employees and students. Tickets purchased by NTS are charged to a District American Express account designated for this purpose only. NTS sends reports monthly identifying tickets purchased indicating travelers' name, cost center, destination, date, and amount. The District's accounting department records all ticket charges to the appropriate location cost centers. The primary objective of this audit was to ensure that all tickets purchased through NTS were acquired for legitimate District business and subsequently supported by an approved Professional Leave and Travel (PLT) form completed by the traveling employees.

A sample of 155 airline ticket purchases was selected from the period of September 2012 through August 2013 for matching to the corresponding PLT's.

The testing revealed that travel is not being reconciled on a timely manner (10 days) as required by District Policy. In a number of instances the PLT was not completed until requested by the auditors several months after the completion of the travel. Unlike travel advances that are recorded as employee receivables when paid out, airline tickets are expensed at the time of purchase. Confirming the use of the tickets for legitimate business purposes is done only when the final Professional Leave and Travel form is turned in, which is not always the case. Cost center managers were reminded that monthly budget reports are reviewed and expenses reconciled.

**- Campus - Based Purchasing – District Wide**

The purpose of the audit was to ensure that purchase orders placed by the colleges are in compliance with District Policies and the Business Procedures Manual. All campus purchases for the 2012-2013 fiscal year were queried by requisition number, date and location. A sample of purchases was selected for testing for compliance. A second query was run by purchase order number, vendor, date and amount to identify possible splitting of purchases. No exceptions were noted.

**- Campus Crime Statistics Reporting – District Wide**

The *Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act* (the Clery Act) requires colleges and universities to disclose information about crime on and around their campuses. The law requires the District to do the following: publish an Annual Security Report, have a public crime log, disclose crime statistics for incidents that occur on and around the campuses, issue timely warnings about Clery Act crimes which pose a threat to students, and devise an emergency response, notification, and testing policy. The objective of the audit was to ensure that all campuses and locations subject to the Clery Act were meeting all the requirements of the Act.

Eastfield and El Centro Colleges had no exceptions. All other locations had one or more instances of non-compliance with various sections of the Act. However, all recommendations made were agreed to by each location and corrective action has been or is in the process of being taken.

Audit Committee Report  
December 2, 2013  
Page 3

**AUDITS IN PROGRESS**

The following audits are currently in progress:

- IT General Controls Review
- Approved Drivers Compliance
- Talent Search Grant Audit - Eastfield

**OTHER**

We have completed the assistance to our outside auditors, McConnell and Jones, on the annual financial statements and OMB A-133 audits.

cc Wright Lassiter  
Ed DesPlas

**TO:** Audit Committee of the Board of Trustees

**FROM:** Rafael J. Godinez, CPA

**DATE:** September 11, 2013

**RE:** Quarterly Summary of Activities  
For the 4<sup>th</sup> Quarter Ended August 31, 2013

The following is a summary of activities by the DCCCD Internal Audit Department since the Audit Committee meeting of July 9, 2013.

### **AUDITS COMPLETED – Reports Issued**

#### **- Analytical Review – Accounts Payable**

By utilizing computer assisted analytical techniques, we are able to test all payment transactions in order to minimize the occurrence of duplicate payments. For the period beginning September 2012 through March 2013, we reviewed disbursements to 35,592 vendors who received at least one payment. The criteria was to review for possible duplicate payments where demographic information was equivalent between different vendors, such as same contact telephone numbers, mailing addresses, or assigned vendor names. A total of 3,540 vouchers were identified with one or more of the criteria and a sample from each was selected for further review. No exceptions were noted in the testing.

#### **- Gasoline Credit Cards – District Wide**

Gasoline credit cards are utilized by the facilities departments, various educational programs, and the fueling and maintenance of location vans, buses and police vehicles. The issuance and canceling of cards is the responsibility of the District Accounting Department. As of May, the records indicated 53 gasoline cards were active and issued to the various locations. The purpose of the audit was to verify the physical existence of each card issued, review the controls and procedures for the safeguarding and utilization of the cards, and verify the business purpose for the usage of the cards by examining supporting documentation. Based on the audit work performed, two gasoline credit cards were no longer in use and were subsequently canceled. No additional exceptions were noted.

#### **- Veterinary Technology Program – Cedar Valley College**

The purpose of the audit was to verify compliance with District policies and procedures in regards to income, expenses, employee travel, and safeguarding of controlled substances within the Veterinary Technology Program.

Costs associated with the medical treatment of animals and related medical supplies were reviewed and tested to determine adequacy of supporting documentation and controls. The acquisition and usage of prescription medications were tested and reconciled to the balance of drugs per the control logs and drugs on hand. No exceptions were noted.

### **AUDITS IN PROGRESS**

The following audits are currently in progress:

- Law Enforcement Academy – Cedar Valley and Eastfield
- Airline Ticket Purchases – District Wide
- Campus Purchasing Controls – District Wide

### **OTHER**

We have completed the assistance to our external auditors, McConnell and Jones, on the Federal Student Assistance programs. We will continue to assist them when they return in October.

In late June and early July, Internal Audit was made aware of some questionable checks that had been given to students for private loans issued by Sallie Mae. Upon review of the situation and discussion with staff, we determined that the Financial Aid Director at Richland College had certified the loans without reviewing the students' status. Also, the Director had been transferred to DSC as a member of the Awards Management Team in June. The employee subsequent to this transfer certified three of the loans in question. The employee has been terminated and new guidelines have been established for the certification of private loans to students.

On September the 6<sup>th</sup>, Internal Audit was notified of a shortage in a bank deposit from Richland College in the amount of \$11,861. Internal Audit and the Richland police have identified a suspect but may have left the country and cannot be contacted. Procedures are being reviewed to determine what controls failed to prevent this event.

cc Wright Lassiter  
Ed DesPlas

**DALLAS COUNTY COMMUNITY COLLEGE DISTRICT**  
**Internal Audit Department**  
**Plan for the Year Ending August 31, 2014**

<u>Audit Staff</u>	<u>Degree/ Certification</u>	<u>Title</u>	<u>Starting Date</u>
Godinez, Rafael	BBA, CPA	Director	June 1988
Archer, Anthony	BBA, CFE	Auditor II	April 1999
Styvoky, Paul	BS, CISA, ITIL	IT Auditor	August 2010
Hsu, Helen	BS	Auditor I	August 2012
Jackson, Carla	MS, BBA	Grant Compliance	July 2012
Less Non-Audit Days:			
Vacation		81	6%
Holidays		95	7%
Sick Days		60	5%
Other		40	3%
Supervision & Administration		<u>196</u>	<u>15%</u>
Total Non-Audit Days		472	36%
Net Audit Days Available		828	64%
Grant Compliance Monitoring		207	25%
Reserved for Special Requests		26	3%
Net Planned Audit Days		<u>595</u>	<u>36%</u>
Total Available Days		<u><u>1,300</u></u>	<u><u>100%</u></u>



## Planned Audits

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2014-01	ASSISTANCE TO MCCONNELL & JONES LLP Audits in conjunction with the financial and A-133 reviews. - Federal Programs/Financial Aid - Disbursement: General - Disbursement: Payroll - Other Requests	   20 10 10 10
2014-02	FOLLOW-UP ON PREVIOUS AUDITS Review status of implementation of prior audit recommendations.	 15
2014-03	CASH AND IMPREST FUNDS Review and test controls over cash on hand accounts and compliance with business procedures.	 10
2014-04	PHYSICAL ASSETS INVENTORY OBSERVATION Observe and test physical inventory and procedures pertaining to changes in inventory records.	 30
2014-05	EMPLOYEE TRAVEL EXPENSES Audit of travel expense reports for compliance with District policies.	 25
2014-06	RICHLAND COLLEGIATE HIGH SCHOOL Audit for compliance with Texas Education Agency attendance verification requirements.	 20
2014-07	SOFTWARE LICENSING - DISTRICT WIDE Audit for compliance with District policy concerning licensing of instructional and administrative software.	 35

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2014-08	AIRLINE TICKET PURCHASES - DISTRICT WIDE Audit of purchases made through the District travel agency for completion of travel.	30
2014-09	LAW ENFORCEMENT ACADEMY - EASTFIELD Audit of operations of the academy for compliance with TCLEOSE regulations.	30
2014-10	LAW ENFORCEMENT ACADEMY - CEDAR VALLEY Audit of operations of the academy for compliance with TCLEOSE regulations.	30
2014-11	CAMPUS CRIME STATISTICS REPORTING Audit for compliance with the Cleary Act requirements for gathering and reporting of crime statistics.	35
2014-12	CAMPUS PURCHASING CONTROLS Audit for compliance with District policies and procedures for procurements at the campus level.	35
2014-13	DISTRICT'S APPROVED DRIVERS LIST Audit of use of District vehicles to ensure that all drivers have been approved and included on the list.	20
2014-14	PORTABLE COMPUTING DEVICES - DISTRICT WIDE Audit of controls to ensure the security of the physical devices and any sensitive information which they may contain.	35
2014-15	IT GENERAL CONTROLS REVIEW- ALL COLLEGES Audit of general controls and environment of information technology operations at campus locations.	35

<u>Audit Number</u>	<u>Description</u>	<u>Estimated Man-days</u>
2014-16	APPLICATION CONTROLS – HR & PAYROLL Audit of controls and testing of files in the Colleague Human Resources and Payroll module.	20
2014-17	STEM GRANT EQUIPMENT INVENTORY - MVC & CVC Audit for compliance with OMB circulars for the proper accounting and safeguarding of grand purchased property.	20
2014-18	GRANT AUDIT - TALENT SEARCH - EASTFIELD Audit for compliance with OMB guidelines and grant provisions.	30
2014-19	GRANT AUDIT - STEM - EL CENTRO Audit for compliance with OMB guidelines and grant provisions.	30
2014-20	GRANT AUDIT - ADULT BASIC EDUCATION - EL CENTRO Audit for compliance with OMB guidelines and grant provisions.	30
2014-21	GRANT AUDIT - TRIO - EASTFIELD Audit for compliance with OMB guidelines and grant provisions.	30
		595