

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

**District Office
1601 South Lamar Street
Lower Level, Room 007
Dallas, TX 75215
Tuesday, April 21, 2009
2:00 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:

Persons who address the board are reminded that the board may not take formal action on matters that are not part of the meeting agenda, and, 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.

For any non-agenda topic that is introduced during this meeting, 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 Ed DesPlas

Committee action: Motion to recommend approval by the Board of Trustees at its regular meeting on May 5, 2009

4. 2nd Quarter Financial Report Ed DesPlas

Committee action: Motion to recommend presentation to the Board of Trustees at its regular meeting on May 5, 2009, as provided by Board Policy CDA (LOCAL)

5. 2nd Quarter Report from Internal Audit Rafael Godinez

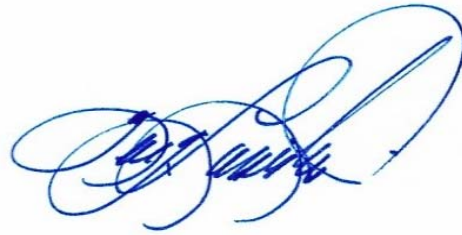
Committee action: Review as required by Board Policy CDC (LOCAL)

6. Report of Chancellor's Travel Kathryn Tucker

7. Adjournment

**CERTIFICATION OF POSTING OF NOTICE APRIL 21, 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 17th day of April, 2009, in a place convenient to the public in the District Office Administration Building, and a copy of this notice was provided on the 17th day of April, 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. 3

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: May 5, 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.

INFORMATIVE REPORT NO. 4

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.

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

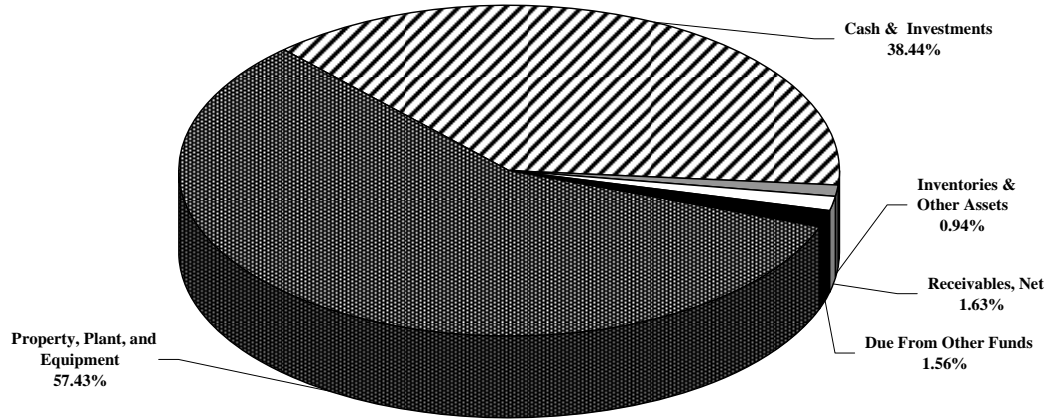


Figure 1 - Combined Assets

Combined Liabilities and Fund Balances
As of February 28, 2009

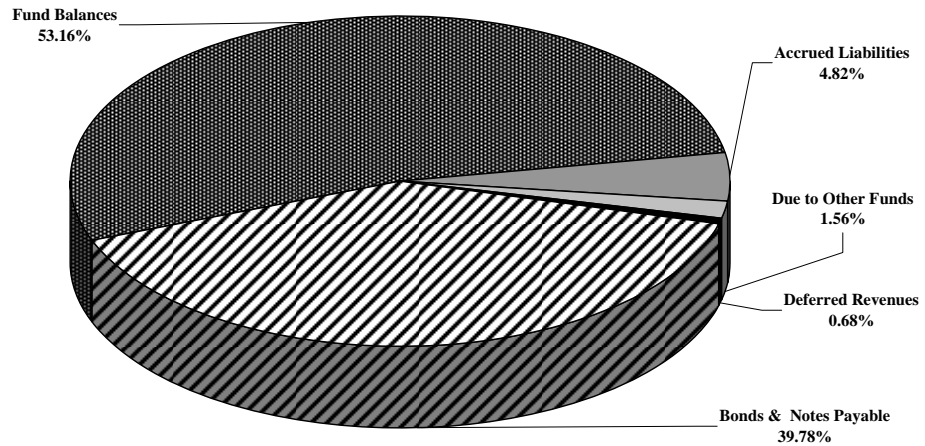
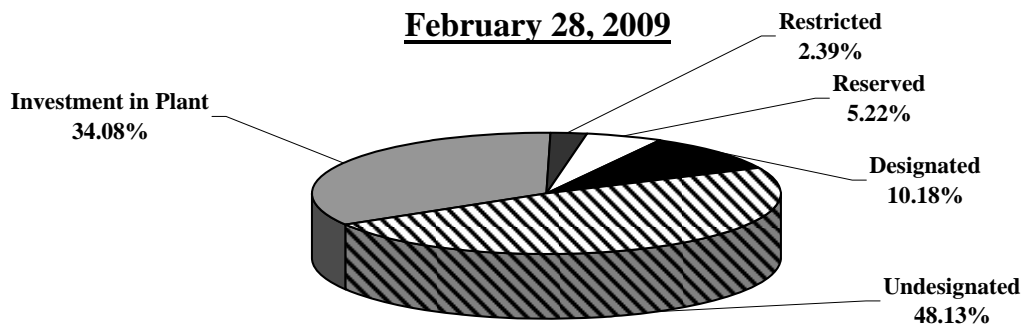


Figure 2 - Combined Liabilities and Fund Balances

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

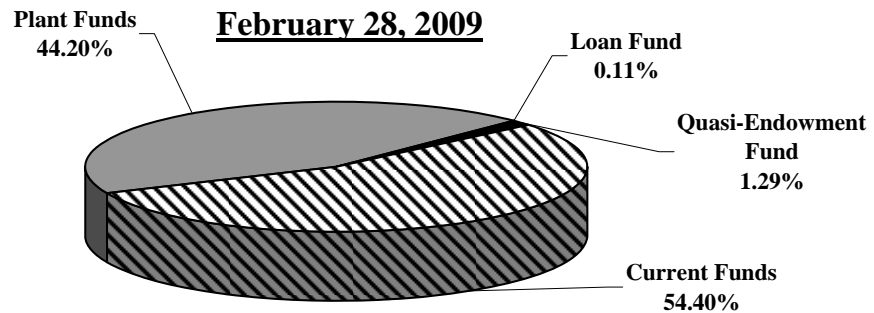
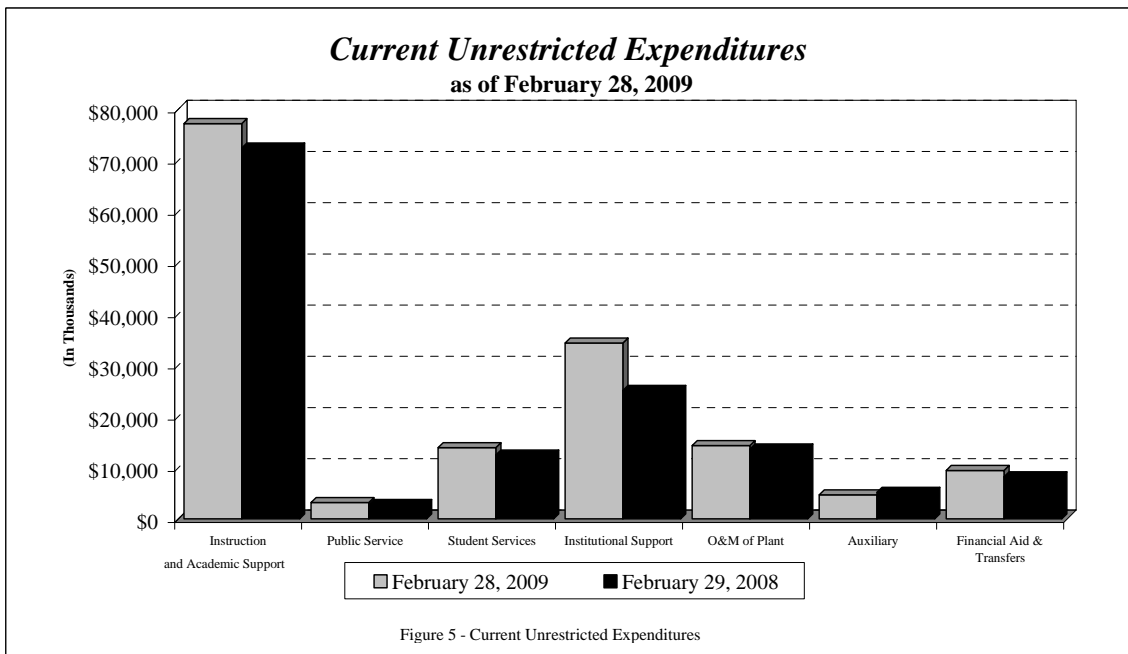
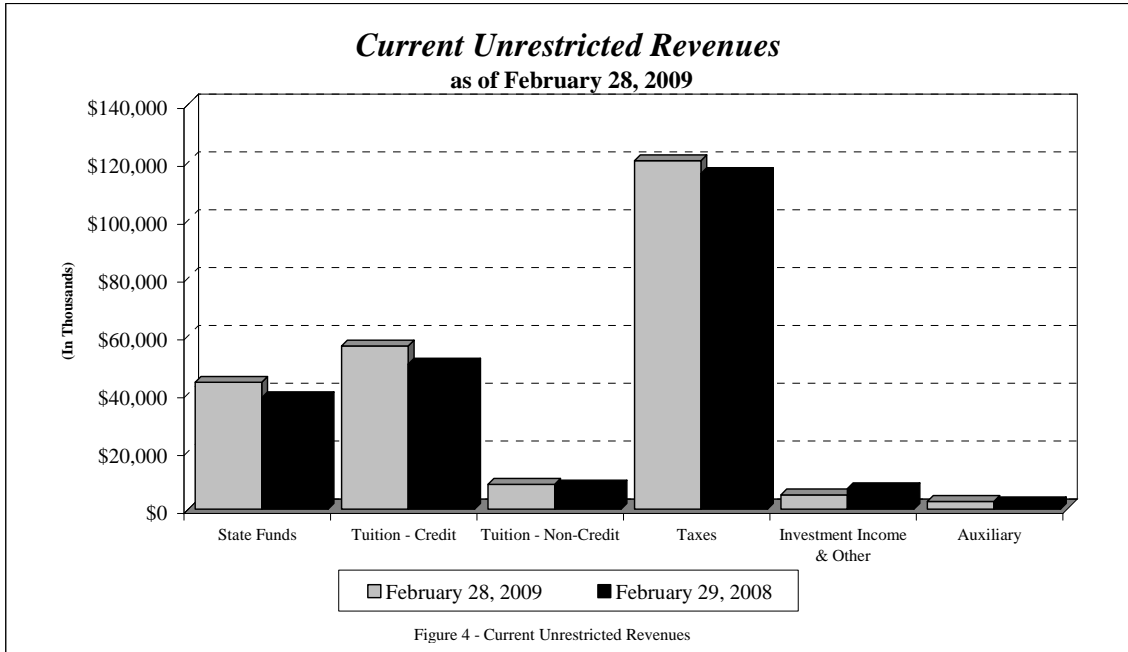


Figure 3 - Fund Balances By Type & Fund Group

*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