

This Open Meeting of the Board of Trustees is authorized in accordance with the Texas Government Code, §§ 551.001 through 551.146. Verification of Notice of Meeting and Agenda are on file in the Office of Board Relations. Per Texas Government Code § 551.1282.

**NOTICE OF AUDIT COMMITTEE MEETING BY VIDEOCONFERENCE
OR TELEPHONE CALL OF THE BOARD OF TRUSTEES FOR DALLAS
COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL**

<http://www.dcccd.edu/boardmeetingslive>

Tuesday, December 15, 2020

1:00 p.m.

DUE TO HEALTH AND SAFETY CONCERNS RELATED TO THE COVID-19 CORONAVIRUS, THIS MEETING WILL BE CONDUCTED BY VIDEOCONFERENCE OR TELEPHONE CALL. AT LEAST A QUORUM OF THIS BOARD COMMITTEE WILL BE PARTICIPATING BY VIDEOCONFERENCE OR TELEPHONE CALL IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 551.125 OR 551.127 OF THE TEXAS GOVERNMENT CODE THAT HAVE NOT BEEN TEMPORARILY SUSPENDED BY ORDER OF GOVERNOR ABBOT ON MARCH 16, 2020.

AGENDA

1. Roll Call - Announcement of a Quorum
2. Certification of Notice posted for the meeting
3. Citizens Desiring to Address the Board
4. Committee Presentations
 - A. Comprehensive Annual Financial Report for the District and Richland Collegiate High School and Single Audit Report of Federal and State Awards together with Reports of Independent Auditors, for the Fiscal Years Ended August 31, 2020
Presenters: John Robertson, McConnell and Jones
 - B. Internal Audit (IA) Department Audit Committee Report 1st Quarter Ending November 30, 2020

Presenter: Lori Cox

5. Items for Review

A. Committee Notes

1) Audit Committee Notes for October 6, 2020

6. Executive Session (if required)

A. Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071

B. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignments, Duties, Discipline, or Dismissal of Officers or Employees - Section 551.074

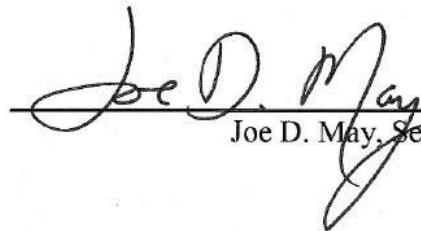
C. Deliberate Regarding Real Property Since Open Deliberation would have a Detrimental Effect Upon Negotiations with a Third Person - Section 551.072

D. Deliberate Regarding Security Devices or Security Audits-Sections 551.076 and 551.089

7. Adjournment

**CERTIFICATION OF NOTICE POSTED FOR THE
DECEMBER 15, 2020 AUDIT COMMITTEE MEETING OF
DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH
SCHOOL BOARD OF TRUSTEES**

I, Joe D. May, Secretary of the Board of Trustees of Dallas College, do certify that a copy of this notice was posted on the Dallas College website on the 11th day of December 2020 in accordance with those provisions of section 551.043 (a)-(b)(1) of the Texas Government Code, and those other provisions of the Texas Government Code that have not been temporarily suspended by order of Governor Abbott on March 16, 2020.



Joe D. May, Secretary

ITEMS FOR REVIEW NO. 5A-1

Audit Committee Notes for October 6, 2020

The Audit Committee Meeting of the Board of Trustees of Dallas College was held Tuesday, October 6, 2020, beginning at 12:00 p.m. on the Cisco Webex platform and was broadcast via the streaming link: <http://www.dcccd.edu/boardmeetingslive>. This meeting was convened by Audit Committee Member Dorothy Zimmermann.

Board Members and Officers Present

- * Ms. Charletta Rogers Compton
Ms. Diana Flores
Mr. Wesley Jameson
Dr. Joe May (secretary and chancellor)
Mr. Philip J. Ritter
- * Ms. Dorothy Zimmermann

Members Absent

- Ms. Monica Lira Bravo
- * Mr. JL Sonny Williams (committee chair)

* *Denotes a committee member*

1. Roll Call - Announcement of a Quorum confirmed by Perla Molina.
2. Certification of Notice posted for the meeting confirmed by Chancellor Joe May.
3. Citizens Desiring to Address the Board
None.
4. Committee Presentations
 - A. Overview of the Work of the Independent Auditors
Presenters: John Robertson; Marlon Williams, Micah Clinger, McConnell & Jones, LLP

CFO John Robertson introduced Marlon Williams, CPA and Audit Partner, with McConnell & Jones, LLP to the Board. Williams then introduced Micah Clinger, CPA and Audit Director, who would also be

working on the engagement. Williams began with a presentation discussing the upcoming audit plan for the year ended August 31, 2020.

Williams presented the following Discussion Topics:

Engagement Scope and Objectives

Williams noted that the auditor would express opinions on the college's basic financial statements that were prepared by the college, such as the Statements of Net Position, Revenues, Expenses, Changes in Net Position, Cash Flows, as well as the notes to the financial statements. The audit would apply various procedures to arrive at an opinion.

The audit would also apply limited audit procedures, such as inquiry and review, to the College's required supplementary information to ensure that the information presented agreed with the College's basic financial statements.

Williams also noted:

- The audit would perform annual attestation procedures to determine the College's compliance with the Texas Public Funds Act.
- A Yellow Book report would be provided.
- The audit would include a Single Audit and it was anticipated that there will be 5 major programs.
- The audit had already begun with interim work and would continue with more substantive work.

Audit Approach

Williams discussed the audit approach and noted that it was divided into four phases: Planning, Preliminary, Final and Reporting. They were currently in the planning, preliminary and final phases.

Williams also noted:

- These phases blended together, especially with a first-time engagement.
- McConnell & Jones' auditors met with the predecessor auditors, started to design work papers and made selections.
- The final stage included completing substantive testing and reviewing the College's report for compliance with standards.
- Williams also discussed how the IT audit was an integral part of the audit and was ongoing throughout all phases of the audit. Further,

Williams noted how various IT tools would be utilized where applicable to expedite the process.

Engagement Milestones and Timelines

Williams discussed the following tentative dates and noted that the audit plan had been designed to meet these deadlines.

- Entrance conference: *July 8, 2020*
- Audit planning and risk assessment activities: *August 10 –August 21, 2020*
- Management received audit requests, prepared schedules and confirmations: *August 25, 2020 (interim), and October 2, 2020 (final)*
- Presentation of audit plan to the Audit Committee: *October 6, 2020*
- Perform audit fieldwork (assisted by Dallas College Internal Audit): *October 12 –November 20, 2020*
- Exit Conference with Management: *November 20, 2020*
- Quality control review of workpapers and reports: *November 6 – November 20, 2020*
- Final drafts of financial statements and reports: *November 20, 2020*
- Presentation of draft reports to the Audit Committee and Board of Trustees: *December 1, 2020*
- Issuance / submission of CAFR to regulatory agencies: *December 18, 2020*

Required Communication with those charged with Governance

Williams discussed the following items regarding required communications and responsibilities:

- Management's Responsibilities (included in the engagement letter):
 - Basic financial statements, accompanying notes, preparation of required supplementary information, supplementary information, and all representations contained therein.
 - Selection and use of appropriate accounting policies.
 - Establishment and maintenance of effective internal controls.
 - Compliance with applicable laws and regulations, contracts and agreements.
 - Design and implementation of programs and controls to prevent and detect fraud.

- Auditor's Responsibility (included in the engagement letter):
 - Issue opinion on the basic financial statements.
 - Issue report under the U.S. Generally Accepted Auditing Standards.
 - Required AU Section 380 communications of significant audit results. These include findings, significant deficiencies and material weaknesses.
 - Written representations made to the auditors by management. These representations would be made on the appropriate letterhead and during the closing procedures of the financial statement audit.

Other Matters for Discussion

Williams discussed the following higher-level areas of interest/concern:

- Procurement
- Grant reconciliation
(Ensuring that the grant receivables and revenues were reflected appropriately.)
- Pension funds
- Actuarial calculations
- Pension census data
- GASB implementation postponements (The audit would look at management's plan to gauge where the college was at in the implementation process to ensure that the college was ready to implement at the appropriate time.)
- COVID-19 impact on logistics / fieldwork
- (COVID-19 impacts were included in the audit process such as the impact on financial statements, audit process, duration of fieldwork on site, and ability to conduct fieldwork remotely.)
- Disclosure on impact of COVID-19 on College's operations (The AICPA released new disclosures that were required and applicable to all entities. The audit team would work with the college to ensure that AICPA requirements are met.)
- Other (This included any material items identified during the audit process.)

Questions and Open Dialogue

- Trustee Zimmermann inquired if the consolidation of the college systems to one would make it easier to conduct the audit. Williams noted that at a high level, it should be easier because the systems were now one. However, this was dependent on how far along the

college was in the consolidation process. In addition, Williams noted that, since this was his first year of engagement with the college, there was no comparison available to definitively say that it would be easier.

- Trustee Jameson asked how the GASB standard postponements impacted the audit plan. Williams explained that there were several standards from the AICPA, FASB and GASB that were coming due prior to the pandemic. However, as a result of the pandemic these standards, such as lease standards, had been delayed. These postponed standards will not impact the current audit plan, but these standards will need to be discussed with management to ensure that plans and preparations were made for implementation in the following year.
- Trustee Compton requested clarification regarding fieldwork being conducted remotely due to COVID-19. Williams confirmed that the team adhered to CDC guidelines and was working diligently with the College to identify if there was anything that required the team to physically come to the office. Further, Williams noted that the team would conduct a majority of the work remotely.
- Trustee Compton asked if the other team members working on the engagement were introduced to the board. Clinger introduced himself and discussed his background and his 10 years of experience in public accounting, including college and universities. Clinger identified other key personnel (listed below) on the engagement team who also had significant experience in public accounting and financial statement audits, including those related to colleges and universities.
- Other key members:
 - Wandalis Cordero, CPA, Audit Senior
 - Santosh Shrestha, Audit Senior

B. Introduction of Chief Internal Auditor

Presenter: Rob Wendland

General Counsel Rob Wendland introduced newly hired Chief Internal Auditor Lori Cox to the Board. Cox joined Dallas College from Arizona where she served as Lead Internal Audit Professional at a number of institutions, including Pima Community College, the City of Tempe, Arizona, and other tribal governments. Cox also served at the Institute of Internal Auditors (IIA) and continued to serve the IIA as a teacher and trainer for other internal auditors.

Cox introduced herself to the Board and discussed her experience in internal audit. She served in internal audit for over 20 years and served for 5 years as the Chief Auditor for Pima Community College. Cox was also a Certified Internal Auditor (CIA), Certified Government Audit Professional (CGAP) and Certified Compliance & Ethics Professional (CCEP).

Dr. May noted that Cox would be reporting directly to the Audit Committee on the process, issues and protocols that were being developed. Further, for day-to-day operations, Cox would report to Wendland. Dr. May also noted that Wendland, in his role as General Counsel, would report day-to-day audit activities to the Chancellor and for other areas he would report to Executive Vice Chancellor Justin Lonon.

Trustee Ritter asked for more detail regarding Wendland's dual reporting role as a line manager reporting to Dr. Lonon in certain areas and as General Counsel reporting to the Chancellor and how it would be reflected in governance documents and for accreditation.

Dr. May noted that Wendland would report as General Counsel to the Chancellor and Board regarding legal matters and day-to-day audit activities. Wendland would report to Dr. Lonon for other day-to-day operations as a College, such as the police department and risk management. Wendland's role would be reflected appropriately in the organization's documentation and charts. Further, Dr. May discussed Wendland's ability to differentiate between the two roles and responsibilities to the Board, Chancellor and the organization as well as how those are prioritized.

Wendland and the Board expressed thanks and appreciation for Paul Styrvoky during the interim period serving as Chief for Internal Audit. The board also welcomed Lori Cox to the team.

5. Items for Review

A. Committee Notes

1) Audit Committee Notes for September 8, 2020

There were no changes necessary.

6. Executive Session

There was no executive session.

7. Adjournment

The audit committee adjourned at 12:28 p.m.

Captioned video and transcripts for Dallas College Board Meetings are available at our website, www.dcccd.edu/boardmeetingslive, under the Archived Videos section.