NOTICE OF AN AUDIT COMMITTEE MEETING OF THE BOARD OF TRUSTEES FOR DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL

Tuesday, December 7, 2021, 10:30 AM

Administrative Office, 1601 Botham Jean Blvd., Room #036, Dallas, Texas 75215

www.dcccd.edu/boardmeetingslive

THIS MEETING WILL BE CONDUCTED PURSUANT TO TEXAS GOVERNMENT CODE SECTION 551.127 BY VIDEOCONFERENCE CALL. AT LEAST A QUORUM OF THE BOARD OF TRUSTEES WILL BE PHYSICALLY PRESENT AND PARTICIPATING IN THE MEETING IN PERSON AT 1601 BOTHAM JEAN BOULEVARD, DALLAS, TEXAS 75215. ONE OR MORE MEMBERS OF THE BOARD OF TRUSTEES MAY BE PARTICIPATING FROM A REMOTE LOCATION VIA VIDEOCONFERENCE CALL AND SHALL BE VISIBLE AND AUDIBLE TO THE PUBLIC.

Audit Committee Meeting Agenda

1. Roll Call - Announcement of a Quorum Page

2. Certification of Notice posted for the meeting

3. Citizens Desiring to Address the Board

4. Committee Presentations

4.1. Internal Audit Department (IAD), Audit Committee Report - 1st Quarter ending November 30, 2021 — 4 - 18

IAD Rpt_1st Quarter Ending Nov. 30, 2021_final.pdf

Presenter: Lori Cox

4.2. Annual Comprehensive Financial Report for the College 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, — 19 - 35

2021 and 2020
4.2) 2021DEC7_audit committee_presentation_McConnellJones.pdf
Presenters: McConnell and Jones, LLP

5. Items for Review

5.1. Chancellor's Travel Report 36 - 37
Chancellor's Travel - Audit June - Dec 21_final.pdf

5.2. Committee Notes
a. Audit Committee Notes for September 14, 2021 38 - 45
5.1.a) 2021SEPT14_audit committee notes

6. Executive Session (if required)

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

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

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

6.4. Deliberate Regarding Security Devices or Security AuditsSections 551.076 and 551.089

7. Adjournment

CERTIFICATION OF NOTICE POSTED FOR THE DECEMBER 7, 2021 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 3rd day of December 2021 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

DALLAS COLLEGE

Board of Trustees

AUDIT COMMITTEE

December 7, 2021

INTERNAL AUDIT REPORT

Lori K. M. Cox
Chief Internal Auditor

INTERNAL AUDIT DEPARTMENT (IAD) REPORT

- ENGAGEMENT UPDATES
- ENGAGEMENT PLAN UPDATE SUMMARY
- ENHANCEMENT PLAN UPDATES

IAD – ENGAGEMENT & PLAN UPDATES

OPERATIONAL AND COMPLIANCE AUDITS

PROCUREMENT

Status: Reporting Complete - Management Response Pending
The focus of this review included contract processing analysis, transaction spend and processing cycle time analysis, procurement's process to review and assess accessibility, location-based procurement, bond controls, and system configuration with an emphasis on segregation of duties. Areas which require management attention include: contracts processing/legal review documentation, developing metrics to measure the procurement cycle and requisition timeliness.

Additional detailed reviews of procurement processes, construction projects, contracts processing, and procurement cycle time/spend analysis are planned during the remaining fiscal quarters.

FIXED ASSETS

Status: Completed
Due to significant staff transitions, implementation of new systems and processes, and the pandemic related impacts on the completion of the 2019-2020 inventory, fixed asset controls, processes, and procedures to record, track, inventory, and dispose of fixed assets need strengthening.

To strengthen the fixed asset controls, processes, and procedures, the fixed asset team has, or will be, implementing varied controls and process. IAD concurs with the implementation of controls and processes, and will continue to follow-up and evaluate corrective actions including reviewing policies and procedures, evaluating training, and completing quarterly verification (on a sample basis) of fixed assets recorded in system.

IAD – ENGAGEMENT & PLAN UPDATES

SPECIAL REVIEWS, CONSULTING ENGAGEMENTS & FOLLOW-UP AUDITS

AUTOMOTIVE PROGRAM FOLLOW-UP

Status: Deferred/Consulting Engagement In Progress
Follow-up deferred due to program restructuring and significant staff turnover. The IAD is in the process of working with the new Department Chair and lab managers to review corrective actions and consult on the development and implementation of new processes and procedures including inventory management.

WORKDAY IMPLEMENTATION PARTICIPATION

Status: In Progress/On-Going
Ongoing review of overall weekly project health including the schedule, resources, budget and scope. As the Workday project progresses emphasis will be placed upon the review of configuration builds and test plans. ***No current exceptions noted.***

DAY TEACHING FOLLOW-UP AUDIT

Status: Completed
Processes related to Day Teaching have changed since the prior audit. Management concurred with IAD recommendations to strengthen and modify the adjusted work schedule process to ensure timeliness and accuracy. IAD will follow-up in 90-120 days to determine status.

IAD – ENGAGEMENT & PLAN UPDATES

SPECIAL REVIEWS, CONSULTING ENGAGEMENTS & FOLLOW-UP AUDITS

COVID INCENTIVE PAYMENT PROCESS REVIEW

Status: Addition to Plan, Completed

The objective of this review was to determine if processes and procedures for the distribution of student and employee COVID incentive payments were designed and implemented in a manner to protect employees and College assets.

No exception were noted.

CARES ACT FUNDING REVIEW

Status: In Progress

The objectives of this review are to determine if processes and practices to distribute Cares Act Funds are designed and implemented to ensure compliance with applicable regulations and proper use of funds.

IAD – ENGAGEMENT & PLAN UPDATES

OTHER SERVICES, DUTIES & SPECIAL PROJECTS

EXTERNAL AUDIT ASSISTANCE

Status: Completed
Audit work completed under the general direction of the external auditors. External auditor reperformance of internal audit work yielded no issues.

SPECIAL INVESTIGATIONS/REVIEWS

Status: Completed as needed/requested.
Special investigations and reviews of varied complexity to address, review, or substantiate allegations; provide information; and/or provide recommendations. Two special Investigations/reviews were completed in the first quarter and one is in progress. Results and recommendations were reviewed with appropriate department leadership and/or the legal office for appropriate action.

FRAUD HOTLINE ADMINISTRATION & MONITORING

Status: Completed and On-going
Reviewed/investigated two reports in the first quarter. ***No incidents of fraud, waste, or abuse identified or substantiated.***

IAD – FY22 AUDIT PLAN UPDATE SUMMARY

ENGAGEMENT	TARGET FISCAL QUARTER	NOTES/COMMENTS
External Audit Assistance - Financial and Single Audit	1st	Completed
Cares Act Funding Review	1st	In Progress
CLERY Compliance	2nd	
Dual Credit Follow-up Audit	2nd	
IT General Controls Follow-up Audit	2nd	
Business Continuity Planning Special Project	2nd & 3rd	
Employee Travel Follow-up Audit	3rd	
Police Department Property Room	3rd	
Technology Governance Special Project	3rd	
Professional Development	4th	
Richland Collegiate High School Attendance	4th	
Succession Planning	4th	
Cyber & Information Security	Continuous*	In process or in planning phase.
Fixed Assets		
Procurement		
Safety & Security		
Fraud Hotline Administration and Monitoring	On-Going	
Investigations		
Workday Implementation Participation		

**Continuous Engagements: These engagements will be broken down into separate focus areas, completed periodically, due to the size and scope of the function/department.*

IAD ENHANCEMENT UPDATES

Enhancement/Development	Status
Audit Issues Tracking Process	Completed
Audit Process Redesign	
Department Charter	
Department Restructure	
Mission & Vision Statements	
Risk Assessment Process Update	
Staff Training & Development Plans	
Strategic Plan	
Web Page Update	
Risk Assessment Process Update	Completed/On-Going
Department Manual Update	In Progress
Quality Assurance and Improvement Program	
Working Paper Software Tool	

IAD ENHANCEMENT - ADDITIONS

Enhancement/Development	Description & Timing
Communications & IAD "Education"	▪ Intranet (Share Point) Update ▪ Engagement Information Packet & Presentation
Internal Audit Related Training for College Employees	▪ Potential Topics: Internal Control, Ethics & Risk Assessment ▪ Target Implementation – 3rd Quarter

INTERNAL AUDIT DEPARTMENT REPORT

Questions?

Audit Committee

DALLAS COLLEGE

TO: Audit Committee of the Board of Trustees

FROM: Lori K. M. Cox, Chief Internal Auditor

DATE: November 16, 2021

RE: Internal Audit Department (IAD), Audit Committee Report
1st Quarter Ending November 30, 2021

The following Internal Audit Department (IAD) report to the Audit Committee for the quarter ending November 30, 2021 includes engagement updates, an engagement plan summary, and enhancement plan updates and additions.

ENGAGEMENT UPDATES

➢ *Operational and Compliance Audits*

- Procurement
  Status: Completed – Draft Reporting Complete, Management Response Pending
  The objectives of the audit were to determine the achievements/status of procurement goals and objectives and related internal controls, and opportunities for process improvements, in: migration of location-based procurement to a unified approach, controls supporting procurement in large dollar amount construction projects, compliance with accessibility regulations and requirements, execution of contracts utilizing the procurement application system, procurement cycle time/spend analysis, the configuration of procurement application system rules and roles, and review of policies, procedures, processes, and training/awareness resources.

  The Location Based Procurement team implemented an effective daily process to review operational issues and design the location-based procurement process. In addition, updated training resources had been made available on the Dallas College website.

  Areas which require management attention include:

  - contracts processing/legal review documentation,
  - developing metrics to measure the procurement cycle and
  - requisition timeliness.

  IAD also identified opportunities for process improvements to enhance the overall efficiency and effectiveness of the Dallas College Purchasing Department. These recommendations include improvements to process, documentation, and system administration.

Additional detailed reviews of procurement processes, construction projects, contracts processing, and procurement cycle time/spend analysis are planned during the remaining fiscal quarters.

- Fixed Assets
  Status: Completed
  The objective of this review was to determine if the new system and processes developed to record, track, inventory, and dispose of fixed assets appear sufficient to ensure proper accounting, recording, and security of these assets at the College.

  To strengthen the fixed asset controls, processes, and procedures, the fixed asset team has, or will, implement varied controls and processes.

  IAD concurs with the fixed asset team's implementation of controls and processes. Throughout fiscal year 2022, IAD will continue to follow-up and evaluate all corrective actions including reviewing policies and procedures, evaluating training, and completing quarterly verification (on a sample basis) of fixed assets recorded in the system.

➢ *Special Reviews, Consulting Engagements & Follow-Up Audits*

- Automotive Program Follow-up
  Status: Follow-up Deferred/Consulting Engagement in Progress
  Follow-up deferred due to program restructuring and significant staff turnover. The IAD is in the process of working with the new Department Chair and lab managers to review corrective actions and consult on the development and implementation of new processes and procedures including inventory management.

- Workday Implementation Participation
  Status: In Progress/On-Going
  Ongoing review of overall weekly project health including the schedule, resources, budget, and scope. As the Workday project progresses emphasis will be placed upon the review of configuration builds and test plans. ***No current exceptions noted.***

- Day Teaching Follow-up Audit
  Status: Completed
  Processes related to Day Teaching have changed since the prior audit. Management concurred with IAD recommendations to strengthen and modify the adjusted work schedule process to ensure timeliness and accuracy.

- Cares Act Funding Review
  Status: In Progress
  The objectives of this review are to determine if processes and practices to distribute Cares Act Funds are designed and implemented to ensure compliance with applicable regulations and proper use of funds.

- COVID Incentive Payment Special Review
  Status: Addition to Plan, Completed
  The objective of this review was to determine if processes and procedures for the distribution of student and employee COVID incentive payments were designed and implemented in a manner to protect employees and College assets. ***No exceptions noted***.

➢ *Other Services, Duties, & Special Projects*

- External Audit Assistance
  Status: Completed
  Perform audit work under the direction of the external auditors as requested. External auditors reperformance of internal audit work yielded no issues.

- Special Investigations/Reviews
  Status: Complete as needed/requested.
  Special investigations and reviews of varied complexity to address, review, or substantiate allegations; provide information; and/or provide recommendations. Two special investigations/reviews were completed in the first quarter and one is in progress. Results and recommendations were reviewed with the appropriate department and/or the legal office for appropriate action.

- Fraud Hotline Administration & Monitoring
  Status: Completed and On-going
  Reviewed and investigated 10 reports since January 2021. *No incidents of fraud, waste, or abuse identified or substantiated*

ENGAGEMENT PLAN SUMMARY

ENGAGEMENT	TARGET FISCAL QUARTER	NOTES/ COMMENTS
External Audit Assistance - Financial and Single Audit	1st	Completed
Cares Act Funding Review	1st	In Progress
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**Continuous Engagements: These engagements will be broken down into separate focus areas, completed periodically, due to the size and scope of the function/department.*

ENHANCEMENT PLAN UPDATES

Enhancement/Development	Status
Audit Issues Tracking Process	Completed
Audit Process Redesign	
Department Charter	
Department Restructure	
Mission & Vision Statements	
Risk Assessment Process Update	
Staff Training & Development Plans	
Strategic Plan	
Web Page Update	
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Quality Assurance and Improvement Program	
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ENHANCEMENT PLAN ADDITIONS

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DALLAS COLLEGE

Meeting with the Audit Committee of the Dallas College (College)

Communications Related to the 2021 Audit

December 7, 2021

McConnell & Jones LLP Attendees:
Marlon Williams, Partner
Deepa S. Chandrie, Sr. Manager

McConnell Jones
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Our Values are CITA

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- **Creativity** – We cultivate new and different ideas that result in better solutions.
- **Inclusion** – We embrace the power of diverse thinking as they improve our collective efforts.
- **Transparency** – We foster a safe environment where people openly share new ways of thinking
- **Accountability** – We honor our commitments and take ownership.

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.

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Overview of the CAFR

- Total assets for 2021 were **$1,253.9 million**, increased by $97.8 million from 2020.
- Total liabilities for 2021 were **$626.9 million**, decreased by $30 million from 2020.
- Bonds payable for 2021 were **$124.1 million**, decreased by $23.6 million from 2020.
- Net position at August 31, 2021 was **$650.9 million**, increased by $97.1 million from 2020.
- Operating revenues for 2021 were **$120.6 million**, increased by $12.4 million from 2020.
- Operating expenses for 2021 were **$611.3 million**, increased by $14.9 million from 2020.
- Non-Operating Revenues were **$587.8 million**, increase by $43.8 million from 2020.

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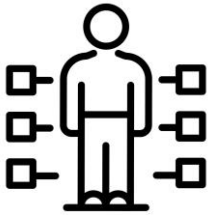
Our Responsibilities



We are responsible for:

- Performing an audit under US GAAS of the financial statements prepared by management, with your oversight
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Reading other information and considering whether it is materially inconsistent with the financial statements
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose
- Reporting any material federal and state awards noncompliance
- Reporting any significant deficiencies, including material weaknesses, in internal control over financial reporting and federal and state awards

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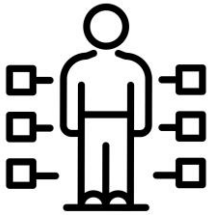
Our Responsibilities 2



- Forming and expressing an opinion regarding the Schedule of Expenditures of Federal Awards (SEFA) and Schedule of Expenditures of State Awards (SESA)
- Summarizing findings and questioned costs
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Performing procedures for Richland Collegiate High School footnotes and related documents
- Review of the schedule of current funds expenditures by individual campus and central administrative function
- Communicating specific matters to you

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.

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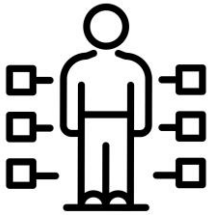
Those Charged with Governance and Management Responsibilities



Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the College's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
  - Objectives and strategies and related business risks that may result in material misstatement
  - Matters warranting particular audit attention
  - Significant communications with regulators
  - Matters related to the effectiveness of internal control and your related oversight responsibilities
  - Your views regarding our current communications and your actions regarding previous communications

Management

Management is responsible for:

- Preparing and fairly presenting the financial statements and SEFA and SESA in accordance with US GAAP and regulatory requirements
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with certain written representations

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Audit Timeline

Month/Year	Task	Details
June 2021	Planning and interim procedures	• Meet with management to confirm expectations and discuss business risks • Discuss scope of work and timetable • Identify current-year audit issues and discuss recently issued accounting pronouncements • Develop audit plan that addresses risk areas
July – August 2021	Preliminary risk assessment procedures	• Evaluate internal controls • Tested major programs relating to single audit. • Coordinate planning with management and develop work calendar • Review accounting policies and review related contractual documents
October – December 2021	Final fieldwork and deliverables	• Perform year-end procedures • Issue opinions on the financial statement related reports • Meet with management to discuss results • Present results to the Audit Committee

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Materiality

Essentially, materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is based on a relevant financial statement benchmark.

- We believe that Total Assets is the appropriate benchmark for the College.
- We believe that Total Expenditures is the appropriate benchmark for the Single Audit.

Financial statement items greater than materiality are in scope. Other areas less than materiality may be in scope if qualitative factors are present (for example, related party relationships or transactions and fraud risk).

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Use of the Work of Others

Specialists

We did not use any specialists.

Internal audit

The audit team received direct assistance from the College's Internal Audit Department during our testing of the Federal Single Audit program. This work was reviewed and managed by the MJ engagement team.

Other Company personnel or third parties

We did not use assistance of other company or third parties.

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Significant Risks

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
• Governance • State Appropriations • Maintenance ad valorem taxes • Federal, state and non-governmental grants and contracts • Tuition revenue and related receivable or deferral including allowance • Investments • Payroll and related liabilities • Pensions and related liabilities • Operating expenses and related payables • Long-term debt • Fixed assets • Net position • Walk through of the internal control processes • Fraud inquiries and procedures • Data analysis procedures	All balances were determined not to be materially misstated based on MJ's audit procedures.

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Results of Audit

Results

- Unmodified "clean" opinion
- No scope limitations
- No unresolved audit issues
- No audit adjustments
- Open and effective communication with management

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Results of Single Audit

Results		
• Unmodified "clean" opinion • No scope limitations • No material weaknesses and no significant deficiencies	• No management letter comments. • No unresolved audit issues • Open and effective communication with management	
Major Programs Audited	**CFDA Number**	**Results**
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268	No findings noted.
Adult Education –Basic Grants to States	84.002	No findings noted
Higher Education Emergency Relief Fund	84.425	No findings noted
Small Business Development Center	59.037	No findings noted
Skill Development Fund	N/A	No findings noted
Nursing Shortage Reduction Program	N/A	No findings noted
Skills for Small Business	N/A	No findings noted

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Other Required Communications

Disagreements with management

We had no disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the College's financial statements or the auditor's report.

Management's consultations with other accountants

We are not aware of any consultations by management with other accountants regarding accounting or auditing matters other than standard communication with the prior auditor.

Other information in documents containing audited financial statements

We have reviewed the College's CAFR, which contains audited financial statements, and we did not identify any material inconsistencies or misstatements of fact related to the audited financial statements.

Difficulties encountered during the audit

We encountered no significant difficulties, such as:

- Significant delays in providing or unwillingness to provide information
- Unnecessarily brief time to complete the audit
- Unavailability of expected information or College personnel
- Restrictions imposed by management, including any related to required supplementary information
- Extensive unexpected effort to obtain evidence

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Quality of Accounting Practices

Accounting policies

The accounting policies of the College are considered to be reasonable.

Accounting estimates

- An allowance for doubtful receivables is provided based upon management's judgment including such factors as prior collection history, type of account, and/or nature of activity
- Estimate of the useful lives of capitalized assets, used in depreciating those assets
- College's Net Pension liability and Total Pension Liability
- College Post employment benefit liability
- Current liability for compensable absences

We performed tests to satisfy ourselves that these amounts were free from material misstatement.

Disclosures

- We have assessed the financial statement and single audit disclosures for clarity and completeness
- Footnote disclosures appear overall to be neutral, consistent, and clear

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Value for Fees

Deliverables

- Report on the 2021 financial statements.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards.*
- Report on Compliance For Each Major Federal and State Program and on Internal Control Over Compliance Required by Uniform Guidance Act and the State of Texas *Single Audit Circular.*
- Provide timely and appropriate communication with management and the Audit Committee regarding technical audit, accounting, and internal control matters.
- Issue written communications to management and the Audit Committee of certain other matters (not determined to be significant deficiencies or material weaknesses) noted during our audit.
- Perform CDAA procedures and provided management with results of testing.
- Data Collection Form.
- Report on Compliance with the Public Funds Investment Act.

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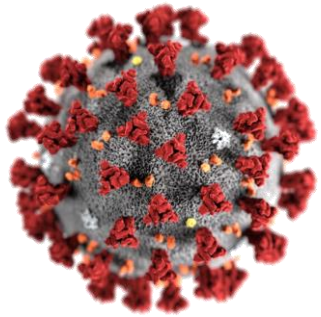
COVID -19



- World Health Organization declared a pandemic related to COVID-19.
- Earlier in 2020, Federal Government and State of Texas declared a state of emergency in regards to the virus.
- The College has suffered some lost revenue and have incurred costs related to the virus that have been mostly recaptured through Federal grant funding.
- Students challenged by shutdowns were able to continue their studies through College provided technology resources and receipt of Federal grant funds.

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Questions
Open Dialogue

ITEMS FOR REVIEW NO. 5.1.a.

Audit Committee Notes for September 14, 2021

The Audit Committee Meeting of the Board of Trustees of Dallas College was held Tuesday, September 14, 2021, beginning at 1:12 p.m. at the administrative office in room 036 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

* Mr. Cliff Boyd
* Ms. Monica Lira Bravo
  Ms. Charletta Rogers Compton
  Ms. Diana Flores
  Dr. Joe May (secretary and chancellor)
  Mr. Philip J. Ritter
* Ms. Dorothy Zimmermann

Members absent

None.

* *Denotes a committee member*

1. **Roll Call - Announcement of a Quorum** confirmed by Committee Chair Zimmermann. Chair Monica Lira Bravo appointed herself temporarily to Audit Committee to have a full 3-member committee.

2. **Certification of Notice** posted for the meeting confirmed by Chancellor Joe May.

3. **Citizens Desiring to Address the Board**
   There were no citizens desiring to address the Board.

4. **Committee Presentations**
   1. Internal Audit Report - 4th Quarter Ending August 30, 2021
      Presenter: Lori Cox

      Ms. Lori Cox provided an update regarding the following items: engagement updates, engagement plan FY22, and enhancement plan updates.

ENGAGEMENT UPDATES

Operational and Compliance Audits

- Procurement
  - Status: Completed and reporting is in progress.
  - The focus of this review included contract processing analysis, transaction spend and processing cycle time analysis, procurement's process to review and assess accessibility, campus-based procurement, bond controls, and system configuration with an emphasis on segregation of duties. This portion of the audit concluded August 31; issues would be discussed with management and then reported to the Board. Going forward in FY22, different components of Procurement would be reviewed, and results would be reported quarterly.

  Cox also shared that the results of the review identified opportunities for improvements to increase efficiencies and will be shared with the department's management and with the Board.

- Fixed Assets
  - Status: Completed and reporting is in progress.
  - Due to significant staff transitions, implementation of new systems and processes, and the pandemic related impacts on the completion of the 2019-2020 inventory, currently fixed asset controls, processes, and procedures needed strengthening. Fixed asset staff were implementing plans and procedures, including substantial training, to address all related issues. Internal Audit Department (IAD) would continue to evaluate this area throughout fiscal year 2022 and assist in enhancing controls and accuracy of Fixed Asset reporting.

  Cox also shared that the review included reviewing the process for reporting fixed assets, accounting, valuation, and disposal. The results and report would be shared with the department's management and with the Board.

  Trustee Boyd inquired of the reporting status of assets and if they were reported as Dallas College assets or separately by campus. Cox noted that the assets were reported as Dallas College assets and were also reported as such in the financial statements. Further, General Counsel Rob Wendland added that none of the colleges have had separate legal existence and all assets were held under the district.

Chancellor May also shared that the college may face some challenges with fixed asset reporting due to the movement of equipment to accommodate remote work environments and/or transitions out of the college.

- Richland Collegiate High School
  - Status: Completed.
  - Audit for compliance with Texas Education Agency attendance verification requirements. No exceptions noted.

Cox also noted that the report has been issued and shared with management and the Board.

SPECIAL REVIEWS, CONSULTING ENGAGEMENTS & FOLLOW-UP AUDITS

- Automotive Program Follow-up
  - Status: Follow-up Postponed/Consulting Engagement in Progress.
  - Due to program restructuring and significant staff turnover the follow-up would be postponed. However, IAD will work with the new Department Chair and lab managers to consult on the development and implementation of new processes and procedures including inventory management.

- Workday Implementation Participation
  - Status: In Progress/On-Going.
  - Ongoing review of overall weekly project health which included the schedule, resources, budget, and scope. As the Workday project progresses emphasis would be placed upon the review of configuration builds and test plans. No current exceptions noted.

- Day Teaching Follow-up Audit
  - Status: Completed. The report was issued and was pending management's response to be included in the report.
  - Processes related to Day Teaching have changed since the prior audit. Recommendations to strengthen and modify the adjusted work schedule process to ensure timeliness and accuracy were communicated to management.

Trustee Boyd inquired what qualified as "Day Teaching". Chancellor May shared that Day Teaching is when full-time non-faculty employees were teaching during the day (normal work hours). Further, Chancellor May

shared that the intention was to no longer allow full-time non-faculty teaching during the day but still support these employees to teach after normal work hours, thus eliminating the need to adjust work schedules and allow employees to fulfill the needs of their roles. However, the transition slowed this down and the solution moving forward to address Day Teaching was to hire more faculty.

OTHER SERVICES, DUTIES, & SPECIAL PROJECTS

- External Audit Assistance
  - Status: Anticipated Start - September 1, 2021
  - Perform audit work under the direction of the external auditors as requested.

  Cox also shared that the external audit assistance has begun and was anticipated to continue through the first quarter.

- Special Investigations/Reviews
  - Status: Complete as needed/requested.
  - Special investigations and reviews of varied complexity to address, review, or substantiate allegations; provide information; and/or provide recommendations. Two (2) Special Investigations/Reviews originated from special requests and were completed or in progress at the end of the 4th Quarter.

  Cox also shared that one investigation was pending a response and the other investigation was in the reporting process.

- Fraud Hotline Administration & Monitoring
  - Status: Completed and On-going
  - Reviewed and investigated 10 reports since January 2021. No incidents of fraud, waste, or abuse identified or substantiated.

  Cox also shared that several of those reports raise general questions and Internal Audit provided responses to them. Two of the reports were specifically related to financial aid issues, and Internal Audit did not identify any instances of fraud, waste, or abuse that were substantiated.

2. Internal Audit Engagement Plan and Risk Assessment – Fiscal Year 2021-2022

   Presenter: Lori Cox
   Ms. Cox provided a high-level overview of the Internal Audit Engagement Plan and Risk Assessment Process.

Risk Assessment Process

Cox noted that the audit plan and risk assessment followed a 5-Step process.

1. Identify Objectives
    - The objectives were based on the Board's strategic priorities and the objectives of the Internal Audit Department (IAD) to evaluate and help improve risk management, control and governance, and effectiveness and efficiency of operations.
2. Identify Risks
    - The IAD interviewed senior leadership and surveyed mid to senior-level leadership and the Board of Trustees to solicit information to understand areas of risk within the College. The IAD also reviewed other sources of information such as risks within the higher education industry and other organizations is general. The IAD also reviewed top topics on other organization's internal audit plans to identify areas that other organizations are focusing on as well.
3. Measure Risks
    - The IAD identifies the top risks presented on surveys and interviews and ranked those risks based on impact, probability, and velocity. Impact is the effect on the College and stakeholders if a risk event/negative event occurs or if the area is not functioning as intended. The impact could include items such as fines, penalties, and reputational damage. Next, the IAD considers the probability or likelihood of that negative event occurring. The probability is based on items such as past audit results, management input and the industry. Lastly, the IAD considers the velocity, which is the speed of that risk occurring. Cyber Security was an example of an area where the speed of the risk was very rapid.
4. Prioritize Risks
    - Factors and planning considerations used to prioritize risks and build the engagement plan included: risks that overlapped several areas (i.e., management identified, industry identified, internal audit activity identified), areas with high impact, probability, and velocity, audits required by auditing standards (i.e., IT Governance) or regulations (i.e. Richland Collegiate High School), prior audit results, operational changes within the College, and special requests.
5. Select Engagements & Develop Plan

At the completion of the process and all items have been considered, the audit plan was developed.

ENGAGEMENT PLAN-FY22

*Audits/Continuous Audits**

- Cyber & Information Security*
- Fixed Assets*
- Procurement*
- Richland Collegiate High School Attendance
- Safety & Security

*Cox shared that these reviews would be broken down into separate focus areas, completed periodically (generally on a quarterly basis), due to the size, complexity, and scope of the function/department.

Special Reviews & Consulting Engagements

- Cares Act Funding Review
- CLERY Compliance
- Police Department Property Room
- Professional Development
- Richland High School Curriculum Compliance
- Succession Planning

Cox shared that many of these areas were special requests and other areas include engagements that were to be performed on a consulting basis to provide recommendations and consult on processes and procedures.

Follow-up Audits

- Dual Credit
- Employee Travel
- IT General Controls

Cox noted that these were follow-ups of prior audits from either the Fiscal Year 2019/2020 or 2020/2021. The internal audit standards required the IAD to conduct follow ups on audit issues that were reported.

Other Services, Duties, & Special Projects

- Business Continuity Planning
- External Audit Assistance – 2021 Financial and Single Audit
- Fraud Hotline Administration and Monitoring (On-going)
- Investigations (as needed)
- Technology Governance
- Workday Implementation Participation (On-going)

Plan Flexibility

Cox shared that there was time allocated in the plan to accommodate any emerging risks, requests, and special investigations, in order to adapt and be flexible when those items arose.

IAD Horizons

In addition to the activities outlined on the Engagement Plan, IAD development projects planned for the 2021/2022 fiscal year included:

- Fraud Hotline "Redevelopment"
    - The IAD plans to incorporate the Fraud Hotline with the internal audit management software which was currently in the RFP review phase.
- Internal Audit Related Training for College Employees
    - One goal of the IAD was to develop training for Dallas College employees on various topics, such as internal controls.
- Development of a continuous audit processes for key College functions/departments.

Trustee Ritter asked Cox to describe what the Business Continuity Planning risks were, especially since it was identified as a catastrophic likely risk in the audit plan. Cox explained that Business Continuity Planning ensured there was a plan in place, including process and procedures, prior to a catastrophic event, so that operations could continue should a catastrophic event or incident occur. For example, a weather event or COVID, could be considered a catastrophic event.

IAD ENHANCEMENT UPDATES

Department Restructure

- Ms. Cox shared that the IAD was now fully staffed and there are two internal auditors, two senior auditors, and an assistant director.

Quality Assurance and Improvement Program (QAIP)

- The QAIP was currently in progress and is also required by Internal Audit Standards.
- The QAIP was in place to ensure that the IAD is following the Internal Audit Standards.

Audit Management Software/Working Paper Software Tool

- Ms. Cox shared that the goal was to have the audit software tool implemented by the end of the calendar year and incorporate tracking of the Fraud Hotline in the software as well.

Trustee Zimmermann inquired if the Fraud Hotline had been helpful. Cox noted yes, she believed that it was helpful to stakeholders to know that there was a resource available if there was a question or concern.

INTERNAL AUDIT PLAN – AUDIT COMMITTEE APPROVAL

There were no objections to moving forward with the Internal Audit Plan and it was approved via formal vote by the Audit Committee to place for official vote at the regular board meeting.

Trustee Boyd requested that all Internal Audit Reports be provided to the Board when they are issued/published.

5. **Items for Review**
    1. Committee Notes
        a. Audit Committee Notes for June 1, 2021
           No comments noted.

6. **Executive Session**
   There was no need for executive session.

7. **Adjournment**
   The meeting adjourned at 1:39 p.m.

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