



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, this meeting is being broadcast over the Internet in the manner prescribed by Texas Government Code, §551.128. In accordance with Texas Government Code §551.127 one or more members of the Board of Trustees may participate in the meeting via videoconference in accordance with the provisions thereof.

**NOTICE OF AN AUDIT COMMITTEE MEETING OF THE BOARD OF TRUSTEES  
FOR DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL  
TUESDAY, AUGUST 2, 2022 | 3:00 PM**

**Administrative Office  
1601 Botham Jean Blvd., Room #036  
Dallas, Texas 75215  
[www.dallascollege.edu/boardmeetingslive](http://www.dallascollege.edu/boardmeetingslive)**

*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. For any non-agenda topic introduced during this meeting, there are three (3) permissible responses: 1) to provide a factual answer to a question; 2) to cite specific Board Policy relevant to a topic; or 3) the topic may, at a later date, be placed on a Board Agenda for a subsequent meeting.*


*Speakers shall direct their presentations to the Board Chair, or the Board, as a whole.*

**Audit Committee Meeting Agenda**


Page

- 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**

- 4.1. Dallas College Financial Statements - Audit Plan for the Period Ended August 31, 2022 [20220802\\_audit\\_committee\\_presentation](#)  4 - 19

#### **5. Items for Review**

- 5.1. Committee Notes  
a. Audit Committee Notes for June 7, 2022 [Audit Committee Notes for June 7, 2022](#)  20 - 25

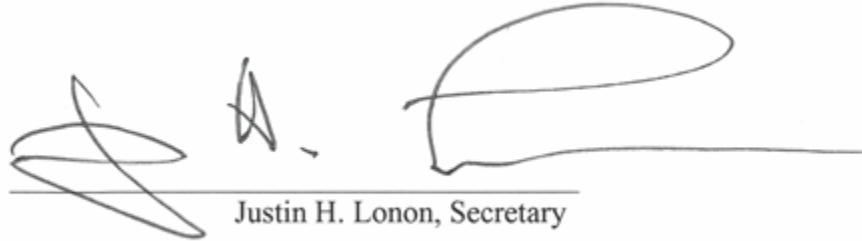
#### **6. Executive Session (If Required)**

- 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 AUGUST 2, 2022 AUDIT COMMITTEE MEETING OF  
DALLAS COLLEGE AND RICHLAND COLLEGIATE HIGH SCHOOL BOARD OF TRUSTEES

I, Justin H. Lonon, Secretary of the Board of Trustees of Dallas College, do certify that a copy of the notice for this meeting was posted on the 29th day of July 2022 in compliance with the applicable provisions of the Texas Open Meetings Act.



Justin H. Lonon, Secretary



# PRESENTATION TO THE AUDIT COMMITTEE OF DALLAS COLLEGE

*Dallas College Financial Statements  
Audit Plan for the period Ended August 31, 2022*

*Tuesday, August 2, 2022*

# McConnell Jones



## DISCUSSION TOPICS

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- Engagement Scope and Objectives
- Our Audit Approach
- Engagement Milestones and Timelines
- Required Communication with Those Charged with Governance
- Other Matters for Discussion
- Questions and Open Dialogue
- Appendix
  - Implementation of New Accounting Pronouncements
  - Key Members of the Service Delivery Team



# ENGAGEMENT SCOPE AND OBJECTIVES

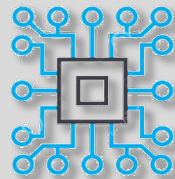
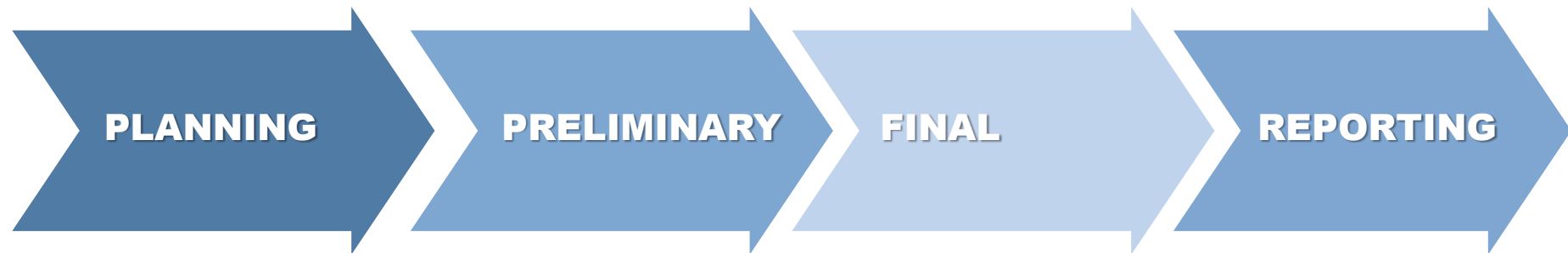
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- Express opinions on the College's basic financial statements:
  - Statements of Net Position
  - Statements of Revenues, Expenses, and Changes in Net Position
  - Statements of Cash Flows
  - Notes to the Financial Statements
  - Prepared by the College
- Apply certain limited audit procedures to the College's required supplementary information and supplementary information
- To perform annual attestation procedures to determine the College's compliance with the Texas Public Funds Act
- Yellow Book Report
- Single Audit



## OUR AUDIT APPROACH

Our approach focuses more on areas of greatest risks by analyzing audit risks, setting materiality thresholds based on audit risk analysis, and developing audit programs that allocate a larger portion of audit resources to high-risk areas. During your audit, we also determine effectiveness and adequacy of your internal controls for ensuring proper financial accountability, efficient operations, and compliance.



### IT AUDIT

Evaluate controls over the IT environment and use data extraction software, where applicable, to audit transactions through your financial information system.





# ENGAGEMENT MILESTONES & TIMELINES

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- Entrance conference: **May 10, 2022**
- Perform interim fieldwork (audit planning, risk assessment activities and single audit):  
**July 1– August 31, 2022**
- Management receives audit requests, prepare schedules and confirmations: **July 17, 2022** (interim), and **August 21, 2022** (final)
- Presentation of audit plan to the Audit Committee: **August 2, 2022**
- Perform audit fieldwork:  
**October 14 – November 18, 2022**
- Exit Conference with Management: **November 18, 2022**
- Quality control review of workpapers and reports:  
**November 7 – November 18, 2022**
- Final drafts of financial statements and reports: **November 18, 2022**
- Presentation of draft reports to the Audit Committee and Board of Trustees: **December 6, 2022**
- Issuance / submission of ACFR to regulatory agencies: **December 11, 2022**





# REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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- 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
- Written representations made to the auditors by management



# REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE CONT'D

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- **Management's Responsibilities (included in the engagement letter):**
  - The basic financial statements, accompanying notes, preparation of required supplementary information, supplementary information, and all representations contained therein.
  - Access to all information of which management is aware that is relevant to the fair presentation of the basic financial statements.
  - Selection and application of accounting principles for the preparation of financial data.
  - To include our audit report in any document containing the basic financial statements.
  - Ensuring compliance with applicable laws and regulations, contracts and agreements.
  - Design, implementation and maintenance of internal controls to prevent and detect fraud.
  - Maintain adequate records.
  - Correct material misstatements.
  - Informing us about all known or suspected fraud.



# REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE CONT'D

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- **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**
- **Written representations made to the auditors by management**



# OTHER MATTERS FOR DISCUSSION

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- Areas of Interest / Concern
  - Procurement
  - Investments
  - Federal and State grants reconciliation
  - Pension funds and census data
  - Allowance for uncollectible accounts
  - Follow up on the cash management single audit findings
  - Actuarial calculations
  - GASB standards effective for fiscal year 2022
    - 1) *GASB 87 – Leases*
    - 2) *GASB 93 – Replacement of Interbank Offered Rates*
    - 3) *GASB 99 – Disclosures of non-monetary transactions*



# OTHER MATTERS FOR DISCUSSION

## CONT'D

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- GASB standards effective for fiscal year 2023
  - 1) *GASB 91 – Conduit Debt Obligations*
  - 2) *GASB 93 – Subscription-Based Information Technology Arrangements*
- Bond issuance
- Other



## GASB STATEMENT NO. 87

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- Applicable for fiscal year 2022.
- Requires recognition of all lease assets and liabilities over 12 months as liabilities and right-of-use assets.
- Leases will be presented as financing leases.
- For sample selected, we will review lease agreements with lessor and lessee and review whether the lease is appropriately classified and properly recorded.



# QUESTIONS AND OPEN DIALOGUE

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# APPENDIX

RICHLAND COLLEGE  
GARLAND CAMPUS



# IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS

## EFFECTIVE IN UPCOMING FISCAL YEARS

- **GASB Statement No. 87, *Leases***

**Effective Date:** The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (FY 2022).

- **GASB Statement No. 89, *Accounting for Interest Cost before the end of construction period***

**Effective Date:** The requirements of this Statement are effective for reporting periods beginning after December 31, 2020 (FY 2022).

- **GASB Statement No. 91, *Conduit Debt Obligation***

**Effective Date:** The requirements of this statement have been extended to have to reporting periods beginning after December 15, 2021 (FY 2023).

- **GASB Statement No. 92, *Omnibus 2020***

**Effective Date:** The requirements of this statement are effective for reporting periods beginning after June 15, 2021 (FY 2022).

- **GASB Statement No. 93, *Replacement of Interbank Offered Rates***

**Effective Date:** The requirements of this statement are effective for reporting periods ending after June 15, 2021 (FY 2022).



# IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS CONT'D

## EFFECTIVE IN UPCOMING FISCAL YEARS

- **GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***  
**Effective Date:** The requirements of this statement are effective for reporting periods beginning after June 15, 2022 (FY 2023).
- **GASB Statement No. 96, *Subscription-Based Information Technology Arrangements***  
**Effective Date:** The requirements of this statement are effective for financial statements for periods beginning after June 15, 2022 (FY 2023).
- **GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code sections 457 Deferred Compensation Plan – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32***  
**Effective Date:** The requirements of this statement are effective for financial statements for periods beginning after June 15, 2021 (FY 2022).



# SERVICE DELIVERY TEAM KEY MEMBERS

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## Audit Team Key Members:

- **Marlon Williams, CPA, Audit Partner;**  
[MWilliams@mjlm.com](mailto:MWilliams@mjlm.com)
- **Deepa Chandrie, CPA, Audit Director;**  
[DChandrie@mjlm.com](mailto:DChandrie@mjlm.com)
- **Wandalis Cordero, CPA, Audit Manager;**  
[WCordero@mjlm.com](mailto:WCordero@mjlm.com)
- **Barrington Mills, Audit Senior;**  
[bmills@mjlm.com](mailto:bmills@mjlm.com)
- **Hannah Yarbrough, Experienced Audit Staff;**  
[hyarbrough@mjlm.com](mailto:hyarbrough@mjlm.com)

## ITEMS FOR REVIEW NO. 5.1.a.

### Audit Committee Notes for June 7, 2022

The Audit Committee Meeting of the Board of Trustees of Dallas College was held Tuesday, June 7, 2022, beginning at 12:31 p.m. at the administrative office in room 036 and was broadcasted via the streaming link [www.dallascollege.edu/boardmeetingslive](http://www.dallascollege.edu/boardmeetingslive). This meeting was convened by Trustee Monica Lira Bravo, self-appointed Audit Committee Chair for this meeting until a new committee chair was officially appointed.

### Board Members and Officers Present

- \* Mr. Cliff Boyd
- Mrs. Monica Lira Bravo
- Ms. Charletta Rogers Compton
- Ms. Diana Flores
- Dr. Justin H. Lonon (secretary and chancellor)
- Mr. Paul Mayer
- Mr. Philip J. Ritter
- \* Mrs. Gretchen M. Williams

\* *Denotes a committee member*

### Members absent

None.

1. **Roll Call - Announcement of a Quorum** was confirmed by Trustee Bravo.
2. **Certification of Notice Posted for the Meeting** was confirmed by Chancellor Justin Lonon.
3. **Citizens Desiring to Address the Board**  
None.
4. **Committee Presentations**
  - 4.1. Internal Audit Report - 3rd Quarter Ending May 31, 2022  
Presenter: Lori Cox

## ENGAGEMENT UPDATES

Chief Internal Auditor Lori Cox provided an update regarding the following items: continuous engagements, compliance audits and special reviews, follow-up audits, and other services, duties and special projects.

### ➤ Continuous Engagements (CE)

CEs are engagements that were broken down into separate focus areas, and completed periodically, due to the size and scope of the function/department.

- Fixed Assets

*Status: Completed, Reporting in Progress*

Progress was being made to strengthen fixed asset controls, processes and procedures. Fixed asset personnel were in the process of integrating and consolidating fixed assets records; in addition, the review and approval of policies and procedures is in progress. An update to the current inventory tagging software was also in progress (by the vendor) and once completed, training will begin. Divisions are now accountable for fixed asset inventory with assistance provided by the fixed asset personnel if needed. Detailed reviews of fixed asset controls, processes and procedures would continue in the 4th quarter of FY22 (including fixed asset verification - on a sample basis).

- Information Technology and Security

*Status: Completed, Reporting in Progress*

IAD relied upon the 2022 Dallas College Texas Cybersecurity Framework report (completed in April 2022 by AT&T), interviews and select documentation review to complete this quarter's IT and Security CE. Issues needing corrective action include developing and strengthening policies and procedures, recruiting and retention of employees for the college's cybersecurity team, and developing mechanisms to address the number of requests for digital forensic discoveries and risk assessment assistance (as they exceeded the available resources of the current college cybersecurity team).

- Procurement

*Status: Completed, Reporting in Progress*

This quarter, the Procurement CE focus was contract processes, approval and maintenance within the procurement system to evaluate efficiency, effectiveness and adherence to college policies. No exceptions were noted.

The Board discussed the opportunity to review the efficiency and effectiveness of the procurement process. Cox shared that the IAD will continue to look at specific processes in greater detail in the upcoming continuous engagement audits to determine what improvements can be made.

- Safety and Security

*Status: Completed, Reporting in Progress*

The CE focus this quarter was on fire, life and physical security. IAD relied upon the 2021 Safety and Security Audit report as required by Texas statute and the Texas School Safety Center (TxSSC). They also conducted interviews and completed a select documentation review to complete this quarter's Safety and Security CE. Issues, in addition to those identified in the TxSSC report, needing corrective action included a strategy to address decreased staffing and retention within the College's Public Safety & Security Department; inconsistent emergency signage at each college location; and differing practices of the College Emergency Response Team (CERT - team at each campus location to assist in an emergency). Recruiting, training and updated process for the CERT campus teams were in progress.

➤ Compliance Audits and Special Reviews

- Clery Compliance

*Status: Completed*

The purpose of this review was to determine compliance with the Clery Act (Clery) requirements and to evaluate the efficiency and effectiveness of current Clery programs, processes and procedures. The Dallas College Police Department has made significant efforts to ensure compliance with Clery regulations, including: documented policies, processes and procedures, a structure for collaboration, a designated Clery Compliance Officer and liaisons at each campus. Issues noted needing corrective action include: discrepancies in the required Annual Security Report, Crime Log maintenance, Campus Security Authority preparedness, and accuracy and completeness of Clery Geography maps.

The Board discussed the history of the Clery Act, previous audit history at Dallas College, and various requirements of the law including crime reporting and Clery Geography.



- Police Department Property Room

*Status: Completed*

Overall, the property room was properly secured and well organized to collect, process and preserve evidentiary items. Issues noted needing corrective action include: a secondary review or approval for property disposal or removal, and poor air quality in the property room (that can result in exposure to potential environmental risks).

- Professional Development

*Status: In Progress*

The objectives of this review were to determine if professional development activity at the college is conducted, designed, delivered and coordinated in a manner to determine and meet the needs of employees; achieve and document compliance with applicable policies, procedures and training requirements; and to facilitate appropriate tracking and maintenance of employee records.

#### ➤ Follow-up Audits

- Automotive Program Follow-up

*Status: Follow-up Complete – Reporting in Progress, Consulting Engagement in Progress*

Corrective actions were developed by the new department chair and lab managers to address issues noted in the prior audit. Issues noted in the consulting engagement needing corrective action include: completion of a full inventory of all vehicles and property used in the automotive program. IAD would continue to consult on developing and implementing new processes and procedures (including inventory management).

- Employee Travel

*Status: In Progress*

The objectives of the follow-up audit were to determine if the prior audit findings involving ineligible reimbursements, reimbursement calculations, supporting documentation, and outstanding advances have been addressed. It was also to evaluate compliance with Dallas College policies and procedures and to evaluate the efficiency and effectiveness of current processes and procedures in place.

- Information Technology General Controls Follow-up

*Status: Completed*

The purpose of this follow-up was to determine if issues from the prior audit have been addressed, to assess current risks, and to

evaluate the efficiency and effectiveness of current programs, processes and procedures (including physical access and environmental controls). IT Leadership continues to implement processes to mitigate the current IT risks. The primary issue noted needing corrective action was an ongoing process to review, document and maintain appropriate access to the two IT data centers. IT addressed the issues prior to the conclusion of the audit and implemented processes for ongoing monitoring.

➤ Other Services, Duties, & Special Projects

- Business Continuity Planning Special Project  
*Status: Completed, Interim Reporting in Progress, On-Going Monitoring*  
The purpose of this special project was to provide recommendations, guidance and information for the development or enhancement of a comprehensive Business Continuity Plan (BCP) for the college. BCP was identified as a concern from management as well as a key risk for higher education and organizations in general.
- Fraud Hotline Administration & Monitoring  
*Status: Completed and On-going*  
Reviewed/investigated eight reports in the third quarter. No incidents of fraud, waste or abuse were identified or substantiated.
- Special Investigations/Reviews  
*Status: Completed as needed/requested.*  
Special investigations and reviews of varied complexity were completed to address, review or substantiate allegations; provide information; and/or provide recommendations. One special investigation/review was completed in the third quarter, and one is in progress. Results and recommendations were, or will be, reviewed with appropriate department leadership for appropriate action.
- Workday Implementation Participation  
*Status: In Progress/On-Going*  
Ongoing review of overall weekly project health, including the schedule, resources, budget and scope. No current exceptions noted. IAD attends daily meetings regarding implementation of Human Capital Management and Finance modules to provide internal control recommendations.

## FY 22 AUDIT PLAN UPDATE SUMMARY

Cox shared an overall audit plan update for current and upcoming engagements as noted in the presentation slides.

The Board discussed the Dual Credit Follow-up audit and the opportunity to expand the scope to include visiting partner locations (e.g. high schools) to assess customer satisfaction/relationships, and to review courses offered to high school students to assess if the course meets appropriate standards.

## ENHANCEMENT PLAN UPDATES

Cox shared IAD enhancement updates. These updates help to increase the effectiveness and efficiency of the department and ensure compliance with Internal Audit Standards. Some updates include the following: IAD communications (e.g. IAD Intranet/SharePoint site, IAD Brochure, IAD Engagement Information Packet & Presentation), and IAD related training for college employees to cover various topics, including Internal Control and Ethics.

## **5. Items for Review**

### **5.1. Committee Notes**

- a. Audit Committee Notes for March 1, 2022  
No comments or edits were made.

## **6. Executive Session**

The Board adjourned for Executive Session at 1:19 p.m.

## **7. Adjournment**

The meeting adjourned at 2:22 p.m.

*Captioned video and transcripts for Dallas College Board Meetings are available at our website, [www.dcccd.edu/boardmeetingslive](http://www.dcccd.edu/boardmeetingslive), under the Archived Videos section.*