



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, December 6, 2022 | 10:00 AM**

Administrative Office

1601 Botham Jean Blvd., Room #036

Dallas, Texas 75215

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



Committee Members: Diana Flores (Committee Chair), Charletta Compton (Member), Paul Mayer (Member)

2. Certification of Notice Posted for the Meeting


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3. Citizens Desiring to Address the Board

4. Committee Presentations

- | | | |
|------|--|---------|
| 4.1. | 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, 2022 and 2021 Annual Comprehensive Financial Report  | 4 - 14 |
|
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| 4.2. | Internal Audit Department (IAD) - Audit Committee Report: 1st Quarter Ending November 30, 2022
IAD AuditCommitteeReport_1stQuarter_EndingNov30,2022  | 15 - 21 |
|
 | | |
| | Presenter: Lori Cox | |

5. Items for Review

- | | | |
|------|--|---------|
| 5.1. | Committee Notes
a. Audit Committee Notes for September 13, 2022
audit committee notes for September 13, 2022  | 22 - 27 |
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| 5.2. | Chancellor's Travel Report | |

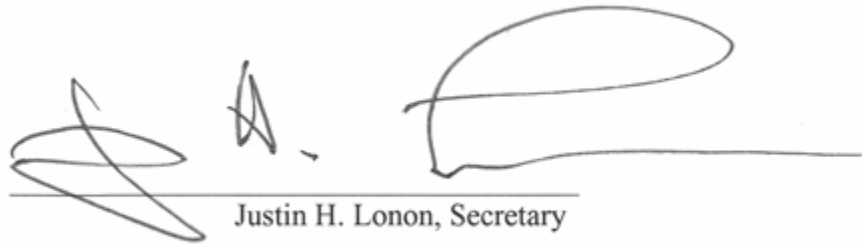
6. Executive Session (if required)

- | | | |
|------|--|--|
| 6.1. | Consultation with Attorney Regarding Legal Matters or Pending and/or Contemplated Litigation or Settlement Offers - Section 551.071 | |
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| 6.2. | Personnel Matters Relating to Appointment, Employment, Evaluation, Assignments, Duties, Discipline, or Dismissal of Officers or Employees- Section 551.074 | |
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| 6.3. | Deliberate Regarding Real Property Since Open Deliberation would have a Detrimental Effect Upon Negotiations with a Third Person - Section 551.072 | |
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| 6.4. | Deliberate Regarding Security Devices or Security AuditsSections 551.076 and 551.089 | |

7. Adjournment

CERTIFICATION OF NOTICE POSTED FOR THE DECEMBER 6, 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 2nd day of December 2022 in compliance with the applicable provisions of the Texas Open Meetings Act.



Justin H. Lonon, Secretary



McConnell Jones

Diverse Thinking | Unique Perspectives

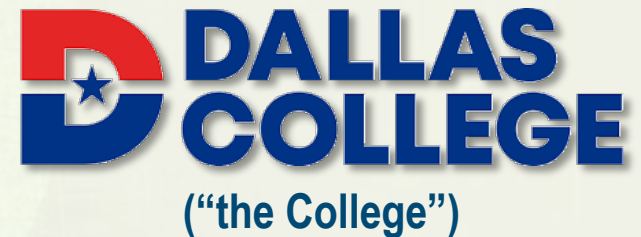
REPORT TO THE BOARD OF TRUSTEES

Year Ended August 31, 2022

McConnell Jones

Tuesday, December 6, 2022

Audit Committee Meeting





AGENDA

Dallas College

Management Responsibilities

Slide 2

Auditor's Responsibilities

Slides 3-4

**Required Communications with Those
in Charge of Governance**

Slides 5-7

Overall Audit Conclusions

Slide 8

Review of Year-End Financial Statements

Slide 9

Questions & Open Dialogue

Slide 10



MANAGEMENT'S

Responsibilities under SAS 134

- ✓ **Management is responsible for fair presentation of financial statements.**
- ✓ **Management is responsible for design, implementation and maintenance of internal control.**
- ✓ **Management is responsible to evaluate the ability to continue as a going concern for one year.**



AUDITOR'S

Responsibilities under SAS 134

- ✓ **Exercise professional judgment and maintain professional skepticism throughout the audit.**
- ✓ **Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.**
- ✓ **Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.**
- ✓ **We are not responsible to express an opinion on the effectiveness of the College's internal control.**



AUDITOR'S

Responsibilities under SAS 134 *cont'd*

- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ✓ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.
- ✓ Auditor's responsibility is to provide an opinion on the fair presentation of financial statements.
- ✓ Auditor expressed "Unmodified" opinion.



REQUIRED COMMUNICATIONS

with Those in Charge of Governance

- ✓ **Planned Scope and Timing of the Audit** – *We conducted our audit consistent with the planned scope and timing we previously communicated to you.*
- ✓ **Compliance with all Ethics Regarding Independence** – *The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.*
- ✓ **Significant Risks Identified** – *We have identified significant risks as follows:*
 - *Revenue recognition in accordance with the Financial Accounting Standard Board (FASB)*
 - *Functional allocation of expenses in accordance with FASB Non-for-Profit accounting standards*
- ✓ **Significant Accounting Policies Disclosed in Note 1 to the Financial Statements:**
 - *Implementation of new GASBs – 87, 89, 92, 93 and 97*
 - *Application of existing policies was not changed during the year*



REQUIRED COMMUNICATIONS

with Those in Charge of Governance *cont'd*

- ✓ **Significant Accounting Estimates** – *The most sensitive accounting estimates affecting the financial statements were used lives used for asset depreciation, and employee retirement and post employee benefit allocations. We evaluated the key factors and assumptions used to develop those accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.*
- ✓ **Financial Statement Disclosures** – *The most sensitive disclosures affecting Organization's financial statements related to investment, employee retirement and post employee benefits.*
- ✓ **Significant Unusual Transactions** – *We noted no significant unusual transactions identified as a result of our audit procedures were brought to the attention of management.*
- ✓ **Identified or Suspected Fraud** – *We have identified or have obtained information that indicates 2 areas where fraud may have occurred.*



REQUIRED COMMUNICATIONS

with Those in Charge of Governance *cont'd*

- ✓ **Significant Difficulties Encountered during the Audit** – We encountered no significant difficulties in dealing with management relating to the performance of the audit.
- ✓ **Uncorrected and Corrected Misstatements** – There were no adjusting entries proposed by us for the year ended August 31, 2022.
- ✓ **Disagreements with Management** – No such disagreements arose during the course of the audit.
- ✓ **Management Consultation with Other's Accountant** – No consultations with other accountants regarding auditing and accounting matters.
- ✓ **Significant Matters, Findings or Issues** – No significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement.



OVERALL Audit Conclusions

✓ Financial Statements Audit

- *Unmodified opinion on the financial statements.*
- *No significant deficiencies or material weaknesses identified.*
- *No single audit findings identified.*
- *No management letters were identified.*



REVIEW OF YEAR-END Financial Statements

Key Financial Indicators	2022	2021	Change	% Change
Investments	\$ 376,673,398	\$ 238,302,672	\$ 138,370,726	58%
Capital Assets	\$ 812,729,175	\$ 756,526,143	\$ 56,203,032	7%
Total Revenue	\$ 724,773,636	\$ 710,897,827	\$ 13,875,809	2%
Total Expenses	\$ (660,266, 481)	\$ (613,775,808)	\$ 46,490,673	8%
Change in Net Position	\$ 64,507,155	\$ 97,122,019	\$ (32,614,864)	(34%)

- ✓ *Increase in Investments due to extra purchases of agency & municipal securities.*
- ✓ *Increase in capital assets primarily related to increases for CIP additions and equipment inventory.*
- ✓ *Total Revenue increased due to increases in federal grants and ad valorem tax revenue.*
- ✓ *Expenses increased due to increases in academic support and scholarship and fellowship costs.*
- ✓ *Increase in due to income and expense increased when compared to 2021 and the increase in expenses was higher.*



QUESTIONS & Open Dialogue

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Board of Trustees
AUDIT COMMITTEE

December 6, 2022

**INTERNAL
AUDIT REPORT**

Lori K. M. Cox
Chief Internal Auditor

INTERNAL AUDIT DEPARTMENT (IAD) REPORT



ENGAGEMENT UPDATES



ENGAGEMENT PLAN AT-A-GLANCE



IAD – ENGAGEMENT & PLAN UPDATES

CONTINUOUS ENGAGEMENTS (C)

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

FIXED ASSETS

Status: Completed – FY23 1st Quarter

Fixed asset personnel are in the process of integrating and consolidating fixed assets records and updating policies and procedures to align with new systems. *IAD reviewed internal controls and noted no exceptions.* Continued reviews of controls, processes, and procedures will occur throughout FY23 (including fixed asset verification - on a sample basis).

PROCUREMENT

Status: Completed (Carryover from 4th Quarter Fy22), Exit Conference and Reporting Pending

The objective of this engagement was to document selected procurement processes, evaluate these processes for efficiency and effectiveness, and provide recommendations as needed for control enhancements, cost savings, and revised workflows. We found that the procurement and approval process includes extensive approvals and complex order requirements (additional review, signatures, and/or forms) that can create significant delays, and that the current state of the procurement process may limit quick and reasonable processing times for non-contract and contract purchases for academic, support, and operational departments of the College. The detailed results and IAD recommendations will be discussed with Procurement Department management and staff during the upcoming Exit Conference.

IAD – ENGAGEMENT & PLAN UPDATES

AUDITS & SPECIAL REVIEWS

DUAL CREDIT

Status: In Progress

The objectives of this review are to assess current risks; review dual credit partnerships, state, federal, or accreditor guidelines for compliance and achievement of goals and objectives; and to evaluate general dual credit plans, procedures, and processes for efficiency and effectiveness.

INTERNATIONAL STUDENT OFFICE

Status: In Progress

The objectives of this review are to determine if internal controls governing the International Student Office operations are implemented in a manner to ensure compliance requirements and goals and objectives are achieved, to assess current risks, and to evaluate the efficiency and effectiveness of current programs, processes, and procedures.

REGISTRATION AND ENROLLMENT PROCESS REVIEW

Status: In Progress, Interim Report Completed

The objectives of this review are to examine the College registration, enrollment, and payment processes for efficiency and effectiveness. An interim report noting issues and recommendations related to the registration and enrollment areas of the College's website has been completed and will be discussed with applicable College leadership. Student interviews, detailed testing, and review of step-by-step enrollment and registration processes (and related customer service) are in process.

IAD – ENGAGEMENT & PLAN UPDATES

OTHER SERVICES, DUTIES & SPECIAL PROJECTS

FRAUD HOTLINE ADMINISTRATION & MONITORING

Status: Completed and On-going

Reviewed/investigated three reports in the first quarter. General issues reported were referred to appropriate departments as necessary for resolution. *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 are completed to address, review, or substantiate allegations; provide information; review specific controls/processes; and/or provide recommendations. One special investigation/review was completed in the first quarter, and one is in progress. Results and recommendations were, or will be, reviewed with the appropriate department leadership for appropriate action, as necessary.

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 were noted.* IAD attends daily meetings regarding implementing the Human Capital Management and Finance modules to provide internal control recommendations.

IAD – FY23 AUDIT PLAN UPDATE ATA-GLANCE

ENGAGEMENT	TARGET FISCAL QUARTER	NOTES/COMMENTS
Registration/Enrollment Process	1 st	In Progress
Dual Credit	1 st	In Progress
International Student Office	1 st	In Progress
Employee Recruitment & Retention	2 nd	
Success Coach Program	2 nd	
Workforce Planning and Staffing	2 nd	
Diversity, Equity & Inclusion	3 rd	
Grants & Contracts	3 rd	
Professional Development	3 rd	
Richland Collegiate High School	4 th	
Succession Planning Follow-up	4 th	
Clery Compliance Follow-up	4 th	
Police Department Property Room Follow-up	4 th	
Environmental Compliance & Controls	4 th	
Policy, Process, & Procedures (College-Wide)	2nd - 4th	
Fixed Assets	Continuous*	Completed, On-Going Monitoring
Information Technology & Security	Continuous*	Completed, On-Going Monitoring
Procurement & Contracting	Continuous*	Completed, On-Going Monitoring
Safety & Security	Continuous*	Completed, On-Going Monitoring
Special Investigations/Reviews	On-Going	
Fraud Hotline Administration and Monitoring (On-Going)	On-Going	
Workday Implementation Participation (On-Going)	On-Going	

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

INTERNAL AUDIT DEPARTMENT REPORT

Questions?

Audit Committee



ITEM FOR REVIEW NO. 5.1.a.

Audit Committee Notes for September 13, 2022

The Audit Committee Meeting of the Board of Trustees of Dallas College was held Tuesday, September 13, 2022, beginning at 11:05 a.m. at the administrative office in room 036 and was broadcasted via the streaming link <https://dcccnew.swagit.com/events/14252>. This meeting was convened by Committee Chair Diana Flores.

Board Members and Officers Present

- Mr. Cliff Boyd
- Ms. Monica Lira Bravo
- * Ms. Charletta Rogers Compton
- * Ms. Diana Flores (committee chair)
- Dr. Catalina Garcia
- Dr. Justin H. Lonon (secretary and chancellor)
- * Mr. Paul Mayer

- * Denotes a committee member

Members absent

Mr. Philip J. Ritter (non-committee member)

1. **Roll Call - Announcement of a Quorum** confirmed by Trustee Flores.

2. **Certification of Notice Posted for the Meeting** confirmed by Chancellor Justin Lonon.

3. **Citizens Desiring to Address the Board**
None

4. **Committee Presentations**
 1. FY23 Audit Plan & Risk Assessment and Internal Audit Report - 4th Quarter
Presenter: Lori Cox

Audit Plan Development and Risk Assessment Process

Ms. Cox defined a risk as the possibility of an event happening that would impact the college's ability to meet its goals and objectives.

Next, Ms. Cox provided an overview of the Internal Audit Engagement Plan and Risk Assessment Process, which follows a 5-Step process.

1. Identify Objectives

- The IAD's risk assessment and audit plan supports the College's commitment to the Board of Trustees defined priorities.

2. Identify Risks

- The IAD met with senior management and staff, and surveyed staff, to solicit information to understand areas of risk within the College. Staff meetings, including interviews with faculty council leaders. The IAD reviewed college information and reports; researched risks common to higher education and other organizations; and reviewed the top topics on corporate internal audit plans, to gain a more holistic view of risks that may be relevant to the College.
- The IAD also reviewed exit interviews to identify concerns (regarding processes) from those who have left (and completed the interview) the college from September 2021 through May 2022.

3. Measure Risks

- The significance of risks is assessed based on impact, probability and velocity.
 - Impact (I): The effect on the college and stakeholders if a risk event occurs or if the area is not functioning as intended. The impact could include items such as fines, penalties, reputational damage, and reduced employee morale.
 - Probability (P): The likelihood of that risk event occurring. The probability is based on items such as prior audit results, turnover, management and staff concerns, lack of internal monitoring, and operational and control weaknesses.
 - Velocity (V): The pace the organization is expected to experience the impact of risk. The speed of regulatory enforcement action is an example of velocity.

4. Prioritize Risks

- There are several factors and planning considerations used to prioritize risks and build the engagement plan such as risks that overlap several areas (i.e., management identified, industry identified, internal audit activity identified), audits required by

auditing standards or regulations, operational and system 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 is developed.

Ms. Cox discussed the handout provided to the Board, which included details regarding the top ten items identified as a result of the Risk Assessment. Further, the Board also discussed with Ms. Cox the process to develop the audit plan which included leveraging the professional experience and expertise of the IAD. Ms. Cox shared that there are six members in the IAD with experience ranging from 4-25 years.

ENGAGEMENT PLAN-FY23

Audits/Continuous Audits*

- Cyber & Information Security*
- Dual Credit
- Fixed Assets*
- Procurement*
- Richland Collegiate High School Attendance
- Safety & Security*
- Student Services – International Student Office

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

The Board discussed opportunities to expand the scope for the Dual Credit Audit, which includes conducting site visits to the ISD campuses. The Board also discussed the current process in place to review dual credit curriculum to ensure the college is meeting requirements.

Special Reviews & Consulting Engagements

- Diversity, Equity, & Inclusion
- Employee Recruitment & Retention
- Environmental Compliance & Controls
- Student Registration & Enrollment Process
- Student Services – Success Coach Program
- Workforce Planning/Staffing

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

Follow-up Audits

- Professional Development
- Succession Planning

Ms. Cox noted that internal audit standards require the IAD to conduct follow ups on audit issues that have been previously reported on prior audits.

Other Services, Duties, & Special Projects

- Policy, Process & Procedure Special Project
- External Audit Assistance – 2022 Financial and Single Audit
- Fraud Hotline Administration and Monitoring (On-Going)
- Investigations (As Needed)
- Workday Implementation Participation (On-Going)

IAD Horizons

In addition to the activities outlined on the Engagement Plan, IAD development projects planned for the 2022/2023 fiscal year include:

- Fraud Hotline “Redevelopment”
 - The Board discussed the manual process and limitations of the current Fraud Hotline and the IAD’s plan to identify a third-party system to meet the college’s needs and allow for users to submit reports and communicate anonymously with the college.
- Internal Audit Related Training for College Employees
 - The training topics thus far are internal controls and ethics.
- Audit Internship & Guest Auditor Program
 - The Board discussed the IAD’s plan to implement an Audit Internship & Guest Auditor Program.
 - The Audit Internship would expose students to Internal Audit (IA) and the possibility of pursuing a career in IA.
 - The Guest Auditor Program will allow employees from other departments to provide their expertise and assist in audits in certain areas and develop self-assessment tools to take back to their department.

FY22 IAD Engagement & Plan Updates

- *Continuous Engagements (CE)*
 - Fixed Assets

- Status: Completed, Reporting in Progress
 - Information Technology (IT) & Security
 - Status: Completed, Reporting in Progress
- *Audits & Special Reviews*
 - Richland Collegiate High School (RCHS) Attendance
 - Status: Completed
 - Professional Development
 - Status: Completed
 - Succession Planning
 - Status: Completed, Reporting in Process
- *Follow-up Audits*
 - Employee Travel
 - Status: Completed, Reporting in Process
- *Other Services, Duties, & Special Projects*
 - Business Continuity Planning Special Project
 - Status: Completed, Reporting in Progress, On-Going Monitoring
 - Fraud Hotline Administration & Monitoring
 - Status: Completed and On-Going
 - Special Investigations/Reviews
 - Status: Completed as needed/requested

FY22 Audit Plan Update Summary

Ms. Cox shared that the IAD has fully completed the FY22 Audit Plan, except for Dual Credit, which was expanded in scope and moved to FY22/23. There are a few engagements where the reporting is “in progress,” the IAD is waiting on the Management’s Action Plan; the action plan is incorporated into the report before providing it to the Board.

Enhancement Updates

Ms. Cox shared a summary of updates regarding the infrastructure of the IAD. Ms. Cox shared that all enhancement items have been completed except for the Department Manual Update.

5. Items for Review

1. Items for Review

a. Audit Committee Notes for August 2, 2022

No comments noted.

6. **Executive Session** from 12:03 p.m. to 1:13 p.m.

7. **Adjournment**

The meeting adjourned at 1:18 p.m.