



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, March 5, 2024 | 9:00 AM**

**Administration Office**  
**1601 Botham Jean Blvd., Room #036, Dallas, TX 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**

- 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**
- 3. Citizens Desiring to Address the Board**

#### **4. Committee Presentations**

- 4.1 Internal Audit Department (IAD) - Audit Committee Report: 2nd Quarter Ending February 29, 2024  
Presenter: Lori Cox

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

- 5.1 Committee Notes
  - a. Audit Committee Notes for December 5, 2023
- 5.2 Chancellor Travel Report

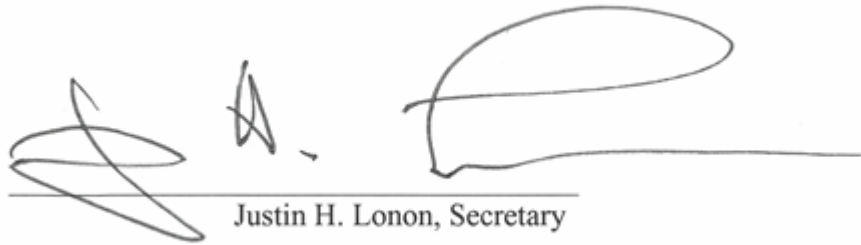
#### **6. Executive Session (if needed)**

- 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 Audits Sections 551.076 and 551.089

#### **7. Adjournment**

*CERTIFICATION OF NOTICE POSTED FOR THE MARCH 5, 2024 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 1st day of March 2024 in compliance with the applicable provisions of the Texas Open Meetings Act.



Justin H. Lonon, Secretary

## ITEM FOR REVIEW NO. 5.1.

### Audit Committee Notes for December 5, 2023

The Audit Committee Meeting of the Board of Trustees of Dallas College was held Tuesday, December 5, 2023, beginning at 10:07 a.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 Committee Chair Diana Flores.

### Board Members and Officers Present

Mr. Cliff Boyd

\* Ms. Charletta Compton

\* Ms. Diana Flores (Committee Chair)

Dr. Catalina Garcia

Dr. Justin H. Lonon (Secretary and Chancellor)

\* Mr. Paul Mayer

Mr. Philip Ritter

\* *Denotes a committee member*

### Members Absent

Ms. Monica Lira Bravo

#### **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**

There were no citizens desiring to address the Board.

#### **4. Committee Presentations**

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, 2023, and 2022

Presenters: McConnell Jones, Tiska Thomas

Thomas gave a brief introduction of Chuck Kozlik, partner with McConnell Jones (MJ) to provide a presentation on the 2023 Annual Comprehensive Financial Report. She also shared remarks of appreciation for staff assisting with completing the report and shared that Dallas College has received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA), for the 11<sup>th</sup> consecutive year.

Kozlik gave a brief overview of the agenda for the presentation and described the responsibilities of management and of the auditor during the audit engagement. Kozlik then shared several required communications regarding the audit engagement, including the following:

- planned scope and timing,
- compliance with relevant ethical requirements regarding independence,
- significant risks identified (revenue recognition, management override of controls, new accounting system implementation),
- significant accounting policies disclosed in financial statements,
- significant accounting estimate assumptions (McConnell Jones deemed reasonable),
- financial statement disclosures,
- significant unusual transactions (none identified),
- identified or suspected fraud (none identified by McConnell Jones or management),
- significant difficulties with management (none encountered),
- disagreements with management (none arose during the audit),
- consultation with other accountants regarding auditing and accounting matters (McConnell Jones did not utilize consultants).

Kozlik noted that McConnell Jones identified one uncorrected audit misstatement for unrecorded liabilities and that there were no corrected misstatements identified during the audit.

In addition, McConnell Jones noted that Richland Collegiate High School (RCHS) did not meet the minimum spending requirement for the Texas Education Agency (TEA) program intent code 22, therefore RCHS was not in compliance with TEA spending requirements for the year.

Next, Kozlik shared that McConnell Jones enlisted the help of IT specialists to review the new ERP system implementation, including the transfer of financial and transactional data. McConnell Jones also tested IT general and key application controls. The firm identified one issue regarding user access, where users had access to the system after their termination date. More specifically, this access was for adjunct professors who don't necessarily fully leave the organization and return in the future, so they aren't removed from the system. Management would take action to "suspend" access in those situations.

Kozlik then shared a brief overview of the year-end financial statements highlighting changes in investments, capital assets, total revenues, total expenses, and change in net position from 2022 to 2023.

Kozlik shared a summary of unadjusted audit differences and McConnell Jones proposed journal entry in the amount of \$3.9 million to correct an over accrual related to a Workday invoice posted during FY2023 instead of FY2024. McConnell Jones recommended the entry be made, however management deemed that it was not significant enough to make the entry and McConnell Jones allowed it.

Trustee Ritter inquired if money was lost from the transaction.

Thomas shared that Dallas College prepaid a Workday license that was due in FY24 but paid in FY23.

The overall audit conclusions for the Financial Statement Audit included: unmodified opinion on the financial statements, no significant deficiencies or material weaknesses in internal control identified, RCHS was not in compliance with TEA spending requirement for PIC 22 (Finding 2023-001), and that a management letter will be issued to address the user access issue previously discussed. There were no Single Audit findings identified.

Trustee Garcia inquired if RCHS' shortage of spending impacted the students.

Thomas shared that the students were not impacted, and that McConnell Jones reviewed RCHS spending over 3 years and identified that the average spending over the 3-year period reflected a \$10k underspend. However, RCHS' total budget for each year was approximately \$4.2 million, but students were not impacted.

Trustee Flores asked how compliance would be ensured.

Chancellor Lonon noted that spending would be a combined effort with Thomas' and Floyd's teams to monitor spending.

Trustee Compton inquired about TEA's response to the underspending.

Thomas noted that TEA had not raised any concerns and Dallas College submits expenditure reports monthly to TEA. Discussion ensued.

Trustee Compton inquired if compliance training was still required for those responsible for grant programs.

It was shared with the Board that there was a minimum annual requirement for grants personnel to complete for compliance. Discussion ensued.

Trustee Compton inquired if agencies that provide federal funding to Dallas College performed reviews and monitoring.

It was shared that federal agencies do perform various reviews and monitoring.

Trustee Compton requested that identified issues be shared with the Board. Discussion ensued.

2. Internal Audit Department (IAD) - Audit Committee Report: 4th Quarter Ending November 30, 2023  
Presenter: Lori Cox

Cox provided a brief overview of the Internal Audit Department's (IAD) organizational structure, contribution to the college's strategic priorities, and the audit (engagement) process.

Next, Cox shared the IAD's FY24 First Quarter Engagement and Plan Updates.

Cox noted that the following engagements have been completed:

- Grants Processes and Controls
  - Objective: To assess processes and procedures to monitor grants and contract administration, status, and compliance, and to determine if the grant and contract administration framework was implemented effectively, efficiently, and in a

manner to help ensure grant goals and objectives are achieved.

- Results and Conclusions: The Division of Sponsored Programs (DSP) has developed a robust framework that includes processes, procedures, and internal controls to help ensure compliance and facilitate the monitoring of performance throughout the grant life cycle. The newly developed framework was in its initial launch and implementation and was still in the process of being fully deployed and implemented. DSP will review the process to incorporate changes after the completion of the initial implementation year. IAD will continue quarterly reviews of the framework and implementation.
- Hiring Process
  - Objective: To determine if the Faculty, Administrator, and Staff hiring process controls are designed and implemented effectively and efficiently, and in a manner to help ensure goals and objectives are achieved.
  - Results and Conclusions: HR has documented a process map to demonstrate that there are controls in place. IAD found several opportunities to streamline processes and implement and strengthen controls. The issues will be reviewed with the Chief Human Resources Officer and the Talent Acquisition Team.

Trustee Flores inquired about the timing of the hiring process and if there were goals in place regarding the length of time it took to fill a position from when the job was posted and when the hire was made.

Louis Burrell, chief Human Resources officer, noted that the world class standard was 45 days and Dallas College was 120 days. HR's goal was to reduce by 25% in FY 24 down to 90 days. Burrell shared that HR had recently introduced the role of recruiters in September and was also utilizing available tools in Workday to help expedite the process. Discussion ensued.

- Policies and Procedures
  - Objective: To gain an understanding of the current Policies and Procedures framework, to identify gaps and issues, and recommend process improvements.



- Results and Conclusions: Opportunities to enhance policies and procedures, develop and implement new policies and procedures, and strengthen the process for policy and procedure development were identified. Issues and enhancements identified will be reviewed and discussed with the Legal office.

Trustee Garcia inquired about the college's policy on nepotism and supervisory reporting relationships. Wendland, general counsel, noted that the college had a policy pertaining to nepotism and supervisory reporting requirements, which prohibited a direct reporting relationship between relatives. Discussion ensued.

Cox then shared an update for engagements in progress. The core objective of all engagements in progress was to evaluate the achievement of the focus area's goals and objectives; to determine if internal controls were implemented in a manner to help ensure goals and objectives were achieved; to assess current risks; and to evaluate the efficiency and effectiveness of current programs, processes, and procedures. Current engagements that were in progress include:

- Cybersecurity, including Cyber insurance and incident response process.
- Environmental Compliance and Controls, including reviewing and advising on formal plan development.
- Emergency Relief Fund
- Safety & Security
- Student Care Network

Trustee Ritter inquired on the college's preparation for a potential ransomware attack.

Cox noted that the college's incident response process was being reviewed by the IAD.

The Chancellor noted that employees also have to complete cybersecurity training.

Wendland also shared that Dallas College completed a ransomware training exercise to examine readiness. Discussion ensued.

Cox provided an update regarding on-going engagements and special projects.

- Fraud Hotline Administration & Monitoring
  - Status: Completed and On-going  
IAD received one report in the first quarter related to financial aid disbursements. No incidents of fraud, waste, or abuse were identified or substantiated.
- Process and Systems Special Project
  - Status: In Progress  
The objective of this special project was to review and evaluate critical processes and systems for efficiency and proper controls. A risk assessment was underway to identify and plan the varied reviews of processes and systems.
- 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. A special investigation related to a faculty pay issue was completed in the first quarter. Results and recommendations have been reviewed with leadership for appropriate action.
- Workday Implementation Participation
  - Status: In Progress/On-Going  
IAD continued to monitor activity in the implemented modules to help ensure controls operate as intended. IAD was also participating in the Student Module implementation.

Cox shared the FY24 engagement plan at a glance by quarter indicating projects scheduled for each quarter of the fiscal year. In addition to the engagement plan, special activities of the IAD include implementing a new fraud hotline system and offering/providing ethics workshops for employees.

At the conclusion of the meeting, the Audit Committee members recommended the approval of the annual financial Audit for 2023.

## **5. Items for Review**

1. Chancellor's Travel Report  
No comments noted.

2. Committee Notes

- a. Audit Committee Notes for September 12, 2023  
No comments noted.

**6. Executive Session**

There was no executive session.

**7. Adjournment**

The meeting adjourned at 10:50 a.m.

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