

Audit Committee Meeting

MINUTES

APRIL 24, 2012

10:00 AM

PDC – TIPONI CENTER

ATTENDEES	Jeanne Swarthout, PhD, - College President (Chair) Maderia Ellison (CPA – CO) - Director of Financial Services V. Blaine Hatch - VP for Administrative Services John Bremer - Controller Neal Ranstrom, (CPA – AZ) - Local Community Member with CPA Terrie Shevat – Secretary
ELECTRONIC HANDOUTS	1. Agenda; 2. NPC Changes to Chart of Accounts; 3. Changes to Procedure 2335; 4. Debarment & Suspension form; 5. Changes to Procedure 2355.
ABSENT	James Menlove, (CPA – AZ) - Local Government Business Officer
DISCUSSION	

Change in Accounting of Tuition & Fee Waivers: Maderia discussed changes to the chart of accounts with a proposed effective date of July 1, 2012 (handout 2). These changes make up a large part of the Finance Team's five year effort to clean up the chart of accounts. Maderia will discuss with Auditors upon their arrival in June.

Currently – contra revenues: Maderia explained an inconsistency which exists with student tuition & fee waivers in three areas; 1. Dual Enrollment, 2. Department of Corrections (DOC), and 3. NAVIT. NPC recognizes revenue and also recognizes contra revenue equal to the amount of tuition and fees being waived for Dual Enrollment and DOC, which are both automated. NAVIT requires a manual process and tuition & fees waived are recorded as offsets to contract revenues, but is currently trying to automate the process. Tuition and fees waived in all three areas are scholarship, but are not accurately reflected in the financials as expenses which impacts the Expenditure Limitation Report (ELR).

Proposal – scholarship expenses: Maderia proposed showing waivers in a true scholarship expense line moving forward. This change will gross up the revenue and expenses, but will not affect the bottom line. Neal and Jeanne were positive towards the proposed change.

FY1112 Audit: Staff from the Auditor General's Office will arrive on June 4, 2012 for a scheduled Entrance meeting with Dr. Swarthout and the college Finance Team. Two senior auditors will remain on site for the week to conduct their initial interviews with staff. Maderia hopes to conclude all of the field work by the end of September.

FY1011 Status of Audit Findings: Maderia updated committee on resolution to six audit findings for FY1011.

11-01 IS Access: Eric Bishop is working to complete the policy and implement by June.

11-02 IS Disaster Recovery Plan: Eric Bishop is working on a policy for the IS Disaster Recovery Plan.

11-03 Policies & Procedures on Capital Assets: John discussed changes to Procedure 2335 (handout 3). Procedure 2335, Purchasing, was updated and language added for debarred and suspended vendors. A new form (handout 4) titled Northland Pioneer College Certification Regarding Debarment and Suspension was created for college use. Procedure 2355, Capital Inventory, was updated to include a depreciation policy for fixed assets and language noting all fixed assets purchased with grant funds must be inventoried every two years.

11-04 Noncompliance with State Laws (NATC): Discussions continue with the college attorney, a representative of Navajo County, a representative of the Town of Taylor and the training center, and the NPC District Governing Board. Maderia suggested the Executive team set up a meeting with the auditors and other interested parties involved on June 4 when the auditors are on site for the Audit Entrance meeting.

11-101 Carl Perkins Grant – Policies & Procedure on Capital Assets: No additional discussion.

11-102 Carl Perkins Grant – Policies & Procedures on Contractors Suspension/Debarment: No additional discussion.

FY1213 Preliminary Budget: Blaine discussed the approved preliminary budget for FY1213.

State Aid/Equalization: The State budget has not been released; however, the college does anticipate a reduction of about 1.1 million dollars in State Aid and Equalization combined.

Property Taxes: The District Governing Board approved a preliminary budget which includes taxing at the maximum rate. The college will be advertising a truth in taxation public hearing scheduled to be held May 15.

Tuition: The District Governing Board approved a \$2 per credit hour tuition rate increase.

Salaries: In March, the District Governing Board approved a 3% salary increase for all NPC employees in the form of a step. In April, The District Governing Board accepted a counter proposal presented by the Faculty Association to increase the salary for faculty and staff by adding an additional 3% to the base, totaling 6%.

NEXT MEETING	THURSDAY, SEPTEMBER 6, 2012 - 10:00 A.M. - NPC PDC TIPONI CENTER CONFERENCE RM
APPROVED	May 3, 2012