

## Audit Committee Meeting

MINUTES

APRIL 30, 2009

10:00 AM

DISTRICT OFFICE

<b>ATTENDEES</b>	Jeanne Swarthout, PhD, - College President (Chair) Maderia Ellison (CPA – CO) - Director of Financial Services Neal Ranstrom, (CPA – AZ) - Local Community Member with CPA Tad Spader - Controller Terrie Shevat – Secretary
<b>ABSENT</b>	James Menlove, (CPA – AZ) - Local Government Business Officer V. Blaine Hatch - VP for Administrative Services
<b>HANDOUTS</b>	1. Agenda; 2. FY08/09 Audit Schedule; 3. Outstanding Accounts Receivables; 4. FY 09/10 Official Budget Forms.

### DISCUSSION

FY08/09 Audit: Heinfeld, Meech & Co. will audit NPC financial statements for the year ended June 30, 2009.

**Field Work – September 28<sup>th</sup> – October 1st:** Maderia reviewed the FY08/09 Audit Schedule (*handout 2*). NPC will submit financials to Heinfeld Meech beginning September 14 – 18. Heinfeld Meech field work will begin September 28 – October 1. The Finance Team will focus on revenue reconciliation/analysis and finalizing inventories in June, Accounts Payable end-of-year expenditures and reconciliation/analysis in July, and balance sheet reconciliation/analysis in August.

**Schedule meeting with new AG Manager replacing Doug Haywood:** Rebecca Rosenberg is the new AG Financial Audit Manager replacing Doug Haywood. The Finance Team plans to meet with Ms. Rosenberg and AG staff in May.

Status on findings from FY 07/08: Tad discussed current status of two audit findings for the year ended June 30, 2008.

**Bank Reconciliations:** All bank reconciliations are finalized through December, 2008. Tad continues to work on 2009.

**Grants – Time and Effort Reports:** Tad explained two circumstances requiring submission of Time and Effort Reports and reviewed current submission status. The College currently works with ABE, Small Business, Carl Perkins, IBM and Title III grants. Employees whose salaries are fully funded by a grant are required to submit a Time and Effort Report to the grant administrator twice a year and employees whose salaries are partially funded by a grant are required to submit a Time and Effort Report once a month. Tad stated we are current with report submission for both ABE and Small Business. All final reports will be submitted by June 30. Tad indicated Time and Effort Report submission will not be an audit issue for 09/10.

Other Issues: Tad discussed past due AR clean up, proposed changes for dropping students, and office reorganization.

**AR:** Tad reviewed data from 1998 to 2008 for student and third party outstanding accounts receivables (*handout 3*). Goal is to write off past due balances through 2002. Tad noted there is a significant drop in past due balances for students and believes this trend is due to e-cashier and working with third party agencies to reconcile outstanding balances.

**Dropping students for non payment:** The Finance Team is recommending changes to the method of dropping students for non payment. To allow increased time for students to complete all NPC class requirements and to increase the efficiency of the Business Office, the Finance Team is proposing the following changes: 1. Switch from a two-day to a three-tier system allowing students to make payment arrangements; 2. Drop all students for non payment without prior review of all student registration forms; 3. Require an alternative source of payment; 4. Require all short term and on line classes to be paid in full at the time of registration. Tad hopes to get these changes approved and implemented by Fall 09.

**Bursar:** The Business Office recently reorganized, replacing an A/P Clerk with a bursar position. Val Aguilera started performing the bursar duties on April 13. Primary duties include answering Business Office calls, processing student payments, reconciling receipts and deposits daily, and assisting with Accounts Payable as needed.

Maricopa: Maderia discussed the audit report issued to Maricopa Community College and potential risk for NPC.

**Audit Report from AG:** The Office of the Auditor General issued an audit report to Maricopa County Community College District regarding improper enrollment in ASRS and loan of public monies. Maricopa identified employees of nonprofit corporations as District employees when they were not, inappropriately loaned the cost of their salaries to nonprofits, and improperly allowed nongovernmental employees to participate in state and district benefits. NPC's agreement with the Foundation could be a potential risk for the College. Maderia stated NPC is seeking legal council to determine our status.

FY09/10 Budget: Maderia reviewed budget forms submitted to the DGB showing FY 09/10 budget by funds (*handout 4*).

**Preliminary Budget approved on April 22, 2009:** The Board approved the preliminary budget for publication. A Public hearing press release will be sent to all newspapers in Navajo and Apache counties. Truth-in-Taxation notice will be published in the Holbrook Tribune and in the White Mountain Independent on May 1 & 8.

**Final Budget approved schedule for May 19, 2009:** The Board is scheduled to adopt the final budget on May 19.

Annual Meeting with Audit Committee Excluding CFO: Charter requirement – Audit committee member, Neal Ranstrom, met with President Swarthout to address any issues without the CFO or Finance Staff present. No concerns were noted.

<b>NEXT MEETING</b>	THURSDAY, SEPTEMBER 3, 2009 - 10:00 A.M. - NPC DISTRICT OFFICE CONFERENCE RM
<b>APPROVED</b>	May 15, 2009