

Northland Pioneer College

Audit Committee Meeting

MINUTES JUNE 24, 2008 10:00 AM DISTRICT OFFICE

ATTENDEES	Jeanne Swarthout, PhD, - College President (Chair) V. Blaine Hatch - VP for Administrative Services Maderia Ellison (CPA – CO) - Director of Financial Services James Menlove, (CPA – AZ) - Local Government Business Officer Neal Ranstrom, (CPA – AZ) - Local Community Member with CPA Terrie Shevat - Secretary
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HANDOUTS	1. Agenda; 2 Audit Committee Charter; 3. NCCCD Single Audit Reporting Package 06/07
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DISCUSSION

1. Introduction of all members: All members introduced themselves and shared a brief history of their education and employment.
2. Review of Audit Charter: Members reviewed and discussed handout 2.
Modifications: All to further review the Audit Committee Charter and contact Blaine with questions, comments or modifications. An Audit Committee group e-mail will be set up for group communication and discussion.
Composition of the Audit Committee: Audit Committee members are composed of the College President - Jeanne Swarthout (Chair), Vice President for Administrative services - V. Blaine Hatch, Director of Financial Services - Maderia Ellison, Local government business officer - James Menlove, and Local community member with CPA - Neal Ranstrom. Members discussed Board decision to pull the Controller position held by Tad Spader and Director of Information Services position held by John Velat as full members, allowing them to serve as advisors attending meetings as needed. Assistant to the Vice President for Administrative Services, Terrie Shevat, will prepare written minutes.
3. Establish Quarterly Meeting Schedule: Meetings are to be held quarterly. Members agreed to meet at 10:00 a.m. on the first working Thursday of the following months:
1st quarter meeting – January
2nd quarter meeting – June
3rd quarter meeting – September
4th quarter Meeting – November
Conflicts in schedule and holidays will be accommodated by adjusting new meeting date for the following Thursday or closest available day. Blaine stated goal is to remain effective and efficient. Neal expressed concern with the committee being able to accomplish what we need to accomplish in four meetings a year. Maderia suggested monthly communication using group e-mail for advice and input during off months. James felt four times a year would provide plenty of time for oversight. Members Discussed the possibility of developing a monthly report.
4. Overview of NPC: Blaine gave a brief overview of NPC revenues, expenses, FTSE, and audit history.
Revenues: Blaine discussed operating and non-operating revenue sources found on page 6 of the single audit. Operating revenues include tuition and fees, government grants and contracts, private grants and contracts, and bookstore income. Non-operating revenues include property taxes, state appropriations, share of state sales taxes, and investment income. Blaine stated primary revenue sources are tuition, property tax and state appropriations. Blaine further discussed equalization aid and the role of equalization aid in the College.
Expenses: Blaine explained how NPC expenditures are spent; noting 70% of general fund expenses are payroll and payroll related. Blaine discussed the pie chart on page 7 of the single audit illustrating NPC operating expenses by category. He pointed out that institutional support is relatively high at 28%, in part because we provide services at 10 campus/center locations as opposed to one central campus.
FTSE: FTSE is an acronym for Full Time Student Equivalent and is defined as enrollment of 15 credit hours each semester or 30 credit hours annually. Blaine explained how FTSE has a direct impact on our expenditure limit and is the basis for funding on a state level.
Audit History: Blaine stated NPC has made significant progress in timely completion of audits. The college entered into an improvement plan with the Arizona Department of Education and Auditor General's Office, which included hiring a Director of Financial Services and controller. The college caught up with three years of audits in approximately 1.5 years time. The 05/06 and 06/07 audit met the nine month deadline. Blaine stated our goal is to complete the audits earlier, and our long term goal is to have an audit report issued annually by calendar year end.
5. Financial Update: Maderia gave a brief overview of the college from a financial perspective.
Overview of FY0607 Single Audit Reporting Package: Maderia discussed financial statement findings on page 35 and 36 of the single audit. Audit findings include the District not always performing monthly reconciliations for all its bank accounts in a timely manner and the District's management not having adequate internal control procedures in place over the basic financial statements issued by the District. Maderia explained the college is aware of and currently addressing these weaknesses. She is looking into the cost of opening one bank account per campus location to promote faster monthly reconciliations. Journal entries and accruals are being looked at more closely along with staff improvement and clean up. Fixed asset inventory remains an outstanding item that staff will be addressing.
Auditor General (AG): Maderia explained the Auditor General's Office is responsible for issuing the financial audit.
Outsource financial and compliance audit to local firm: The Auditor General's Office is outsourcing the college's financial and compliance audit to a local firm. Proposals received in May are still under evaluation.
Currently evaluating RFP's from:
Breecher & Co
Cronstrom & Osich
Heinfeld Meech

RFP period – June 30, 2008 with options for two additional years: Firm awarded will audit the college for 2008 with the option to audit 2009 and 2010.

NPC Recommendation – Heinfeld Meech; performed audit for last years: NPC is recommending Heinfeld Meech; however, it is the Auditor General's decision to make. We anticipate a firm to be awarded soon.

FY0708 Audit Time Line (Aggressive): Maderia discussed an aggressive time line for the up-coming 07/08 audit noted below.

August 30 – Books Closed

Financial Aid – FISAP report due September 30, attempting to push up 30 days

September 15 – Foundation Audit needed (FY0708 not completed until February 2008)

September 30 – Financial Statements/PBC reports completed

Early October – Field Work by Auditors

No later than December 31st – Audit Report issued

ACTION ITEMS

1. Blaine to set up Audit Committee group e-mail to be used by ALL for group discussion.
2. ALL to review Audit Committee Charter and contact Blaine with questions.

NEXT MEETING GOALS

1. Effective and efficient meeting.

NEXT MEETING

THURSDAY, SEPTEMBER 4, 2008 - 10:00 A.M. - NPC DISTRICT OFFICE CONFERENCE RM

APPROVED

July 18, 2008
