

Navajo County Community College District Governing Board Study Session Minutes

January 21, 2014 – 9:30 a.m.
Painted Desert Campus, Tiponi Community Center
2251 East Navajo Boulevard, Holbrook, Arizona

Governing Board Member Present: Ms. Ginny Handorf, Mr. Daniel Peaches, Mr. Prescott Winslow, Mr. Frank Lucero, Mr. Matteson.

Staff Present: President Jeanne Swarthout; Vice President Blaine Hatch; Vice President Mark Vest; Information Services Director Eric Bishop; Institutional Effectiveness Director Dr. Leslie Wasson; Recording Secretary to the Board Lisa Jayne.

Other's Present: Ann Hess, Nick Worth, Everett Robinson, Kyle Nowell, John Spadaccini, John Bremer, Maderia Ellison, Stuart Bishop, Sharon Hokanson.

1. Office of the Auditor General

Vice President Hatch introduced Financial Audit Director Jay Zsorey from the Auditor General's Office. Mr. Zsorey introduced other Auditor General staff present; David Glennon, Paul Soldinger, and Jay Judson.

Jay Zsorey stated that the Auditor General's Office reports directly to the legislature. Mr. Zsorey stated his division is responsible for audits of community colleges, counties, universities and IT audits. Also, they provide consulting services for K-12. There are 180 staff to cover the entire state.

David Glennon addressed the Board and stated that part of the audit process looks at the College's financial statements and financial statements of activities that are separate such as NATC and the Foundation. The audit also looks at major federal programs of the college based on federal criteria, and overall looks for larger discrepancies or noncompliance. The audit process starts in May/June and mainly focuses on risk assessments in the financial statements. In September/October the report goes through internal reviews. In 2013 the College's Auditor Report was issued on November 22.

Audit results for the College were positive, and the financial statements were deemed reliable and agreed with the SEFA (Schedule of Expenditures of Federal Awards).

There were two findings in the report. One was in the IT area and the other was a noncompliant finding in payroll. The opinions on the Student Financial Aid was without findings but the Higher Ed Program had a finding regarding equipment relating to an internal control deficiency, and the Adult Ed Program had a finding in the area of certification of time and effort relating to lack of documentation.



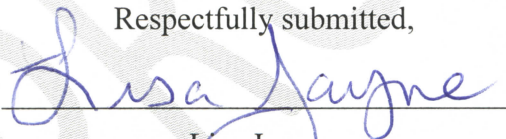
Mr. Winslow asked what areas in the College the Auditor General does sampling. Mr. Glennon stated sampling is done in most areas. Mr. Winslow asked what determines what areas are sampled. Mr. Glennon stated it depends on the number of items in a sample and what provides enough evidence to base an opinion.

Jay Judson reviewed the Governance Letter that had been sent to the Board.

Paul Soldinger stated the ELR (Expenditure Limitation Report) attests that the District is following reporting standards and complying with statutes that require remaining below expenditure limitations. The College was \$416,000 below the limitation with \$3.5 million in carry forward. The District is reporting Expenditure Limitations correctly and is in compliance.

Mr. Winslow asked Director Bishop if the IS finding was an organizational systems issue or a technology issue, and if technology upgrades in process will help avoid this finding in the future. Director Bishop stated the finding has to do with access control and the College is working with Jenzabar on this issue, but a third party vendor might need to be utilized to solve this problem.

Respectfully submitted,



Lisa Jayne
Recording Secretary to the Board

