

## Northland Pioneer College Audit Committee Meeting

MINUTES                      FEBRUARY 2, 2016                      10:00 AM                      PDC – TAWA CENTER

<b>ATTENDEES</b>	Maderia Ellison –VP for Administrative Services; (CPA – CO) Director of Financial Services Neal Ranstrom, (CPA – AZ) - Local Community Member with CPA James Menlove, (CPA – AZ) - Local Government Business Officer Amber Hill – Controller Terrie Shevat – Secretary
<b>ELECTRONIC HANDOUTS</b>	1. Agenda; 2. NATC 2014 Audited Financial Statements; 3. NPC Foundation, Inc. Audited Financial Statements; 4. Navajo College 2014 CAFR (Draft).
<b>ABSENT</b>	Jeanne Swarthout, PhD, - College President (Chair)
<b>DISCUSSION</b>	Maderia called the meeting to order at 10:15 AM

### Fiscal Year 1415 Audits

**CAFR/Single Audit:** Maderia asked for feedback on the FY1415 audit and CAFR issued electronically to the NPC Audit Committee in November 2014. Maderia mentioned one finding that was issued related to capital assets which she noted is a continuation of last year's audit review of the capital area. Maderia updated the Committee on the status of the FY1415 audit stating the CAFR has been submitted to GFOA and she hopes to receive a response in February. James asked if the college implemented all of the pension disclosures. Maderia stated yes, with continued auditor changes and review. Maderia asked James and Neil for their continued feedback after reviewing the CAFR and single audit, so the college can take their comments and suggestions into consideration. Maderia thanked James's team at the County for their work in providing information for the demographics and economic section of the NPC CAFR

### Capital Asset – Procedure Improvement

**Capital Asset finding:** Amber stated the auditors found no effective internal controls over capital assets, specifically reporting on those assets. She reported the college did not have complete disposal authorization forms for eight of the ten items sampled. In addition, the college removed two items from a prior fiscal year, but did not remove these items from the asset list. Amber noted the finding revolved around the record keeping of the actual physical asset and recording of when the asset was disposed.

**Policies/procedures:** In addition to taking an accurate physical inventory as a first step to correct the issue, Finance will address strengthening two current college policy and procedures relating to the purchase of goods and services and capitalization. Amber noted they may need to establish a disposition policy.

**Forms:** Amber noted the Equipment Disposition form is being revised and discussed key changes which will allow for ease of use and accurate record keeping of capital assets. She anticipates the new forms will be implemented in March 2016.

**Business Office Manual:** Finance will strengthen the capital asset manual completed in April 2014

### Expenditure Limit

**FY1415 EL Report:** Maderia stated the Expenditure Limit Report for 2014-15 will be finalized soon.

**EL carry forward (\$32.6 million @ 6/30/14):** Maderia reported the college moved into the carry forward by just under 1 million dollars. Maderia noted that we are now excluding our carry forward for tuition in the current year and explained this process change will allow the college to have less of a carry forward going forward. She added the Auditor General is in agreement with this change.

**Legislation update:** Maderia updated the committee on Legislation activities, discussing new Senate Bill 1322 Community College Expenditure Limit. She reported on four items in the bill that will impact the college: 1) Any revenues received from entrepreneurial or commercial activities will be excluded from the expenditure limit as local revenues; 2) Colleges will have three options to submit FTSE: 1. the most recent audited FTSE, 2. five year average FTSE, 3. take prior year FTSE and add 5 % if enrollment is expected to increase; 3) Weight FTSE in CTE programs will be 1.6 as opposed to 1; 4) Specific language was added about voter approval requirements to change the permit base.

### Audit Committee

**Quorum:** Maderia is proposing adding language in the Audit Committee Charter which states a quorum of the Audit Committee shall consist of three members present, either physically or telephonically.

**Amending charter:** Maderia asked committee members to review the charter for additional proposed changes. The Audit Committee will look at membership in June.

**Action next month:** Maderia stated action will be taken to approve the Audit Committee Charter in June 2016.

### Other

James asked if the college went through the detailed information system technology audit. Maderia confirmed the college did go through this audit two years ago and discussed findings received in access & permissions, and disaster recovery.

<b>NEXT MEETING</b>	TUESDAY, JUNE 7, 2016 - 10:00 A.M. - NPC PDC TAWA CENTER CONFERENCE RM
<b>APPROVED</b>	February 15, 2016