

Northland Pioneer College Audit Committee Meeting

MINUTES

OCTOBER 1, 2019

10:00 AM

PDC – TIPONI CENTER

ATTENDEES	Mark Vest, Northland Pioneer College President (Chair) Maderia Ellison, Vice President for Administrative Services Paige Peterson, Navajo County Finance Director; Local Government Business Officer Neal Ranstrom, (CPA – AZ); Local Community Member with CPA Amber Hill, Controller Terrie Shevat, Assistant to VPAS (Secretary)
HANDOUTS	1. Agenda; Drat Financial Statements
ABSENT	
DISCUSSION	Maderia called the meeting to order at 10:05 AM

Introductions

Current Events/Partner updates: Paige announced voters have overwhelmingly approved the Navajo County Jail District tax. Neal reminded everyone tax season ends October 15. Neal discussed new business in the Show Low and Pinetop-Lakeside area.

Fiscal Year 1819 Audit Status

Draft Financial Statements: The draft financial statements were provided to members as a handout. Amber mentioned the draft Comprehensive Annual Financial Report (CAFR) is about 95% complete and finance should be wrapping up the process within the next few weeks.

Draft SEFA: Amber reported the Schedule of Expenditures of Federal Awards (SEFA) is down about \$100,000, which she stated is indicative of not less, but a lower number of federal grants. Amber reported the Higher Education Title III TALON grant will be ending next fiscal year. She noted the SEFA is complete with the exception of the federal portion which involves wrapping up any audit findings the college may have. Amber mentioned that several findings are dropping off as it relates to IT. She stated the auditors will receive the draft SEFA this week and final numbers next week. Amber invited Paige and Neal to share their thoughts and offer feedback after reviewing the information provided. Maderia discussed the fund balance, which she stated is at \$87K, and noted the college will be utilizing some of those funds this coming year. Maderia announced that a construction manager was recently hired, and the college is moving forward with a recommendation to the Board in October to approve a contract award for an architectural firm to update the facilities master plan.

Fiscal Year 1819 Expenditure Limit Report

Target date for submission to Auditors – December 6th: Amber said the target date to submit the Expenditure Limit Report (ELR) to the Auditor General is December 6, and she is hopeful the ELR will be finalized within the first week of December.

Exclusions: Amber reported the exclusions are looking very good this year. She noted the expenditure limit increased from \$13M to almost \$14.3M, and interest from college investments went up substantially.

General Fund carry forward: Amber reported the carry forward is currently at \$32.5M and she expects the college will be adding to it this year.

Payroll/HR

Improving Our Internal Controls: Maderia discussed compensation errors that were recently discovered and addressed with the District Governing Board on September 30, 2019. Maderia explained that after two employees came forward with compensation errors, a desktop internal audit was conducted to review all employee contracts for 2018-19 and 2019-20. The audit identified a total of eight additional employees impacted, with the majority being faculty. The errors resulted in employees who were overpaid, with the average amount of overpayment at \$5K. Maderia stated the errors were the result of prorated salaries, misinterpreted contract dates, and basic math errors. In addition, Maderia explained the college had hired two new key positions in both HR and Payroll in October 2017. Maderia stated the college will be looking at ways to improve its internal controls to include monitoring, revising payroll forms, and working with Jenzabar and NPC internal IT staff to develop audit reports (error reports). Maderia welcomed any thoughts or ideas from Paige and Neal in terms of additional compensation controls or experience with other compensation/ERP systems. Paige shared several systems the County has in place, to include a lengthy manual review process in which a second person reviews the payroll register against the HR adjustment sheet. Neal discussed artificial intelligence, noting smart programs are coming to payroll very soon.

NEXT MEETING

TUESDAY, FEBRUARY 4, 2020 - 10:00 A.M. - NPC PDC TIPONI CENTER BOARD RM #308