

MINUTES OF THE AUDIT COMMITTEE MEETING
OF THE BOARD OF REGENTS OF THE DEL MAR COLLEGE DISTRICT
November 8, 2005

The Audit Committee of the Board of Regents of the Del Mar College District convened in the Isensee Board Room, Harvin Student Center, Del Mar College East Campus, 101 Baldwin, Corpus Christi, Texas, at 11:54 a.m. on Tuesday, November 8, 2005, with the following present:

From the Committee:

Mr. Trey McCampbell, Chairperson; Mrs. Chris Adler, and Mr. Bill Martin.

From the Board:

Mr. Gabe Rivas, Ex-officio; Mrs. Minnie Arriaga, and Dr. Haysam Dawod.

From the College:

Dr. Carlos Garcia, College President; Mr. Jose Alaniz, Vice President, Business and Finance; Mr. John Johnson, Director of Fiscal Services and Staff Facilitator, Ms. Barbara Kimball, Assistant to the Vice President for Business Services; and other administrators, faculty, and staff.

From the Attorney's Office:

None.

Others:

None.

CALL TO ORDER/QUORUM CALL/MOMENT OF SILENCE

Mr. Trey McCampbell, chairperson of the Committee, called the meeting to order. With a quorum present, he requested a moment of silence. (Note: the Pledge of Allegiance had been recited at the preceding meeting and was not repeated.)

PUBLIC COMMENTS

No one signed up or requested to address the Committee.

PENDING BUSINESS

Status Report on Requested Information:

Item #1: Update on management letter comments: discussed at today's meeting under Items of Business.
Item #2: Amount of accounts receivables for installment loans: Mr. Johnson is gathering information.
Item #3: Policies and procedures for installment loans: in progress.

Items of Business:

(#1) APPROVAL OF MINUTES

Mrs. Chris Adler made a motion, seconded by Mr. Bill Martin, to approve the minutes of the Audit

Committee meeting on October 18, 2005, and the motion carried by unanimous vote.

(#2) UPDATE ON AUDIT PROCESS FOR FISCAL YEAR ENDING AUGUST 31, 2005

Mr. John Johnson, director of Fiscal Services, reported that the external auditors began their audit work on November 1, 2005. He commented that the process was running smoothly, and that all information requested by them had been provided immediately. Mr. Johnson noted that last year the auditors completed their field work in mid-January, but this year expected to complete it no later than next week. He stated that the major obstacle was the compilation of the financial report, which should be ready by the Board's designated date. Mr. Johnson informed the Committee that, currently, only three adjusting entries had to be made compared to two dozen last year. Mr. McCampbell pointed out that the indicators were good that the process was working, and suggested the Committee meet again for an update and to possibly review a draft audit report.

(#3) STATUS REPORT ON MANAGEMENT LETTER COMMENTS FOR FISCAL YEAR ENDING AUGUST 31, 2004

Mr. McCampbell noted that the report reflected that two of the five items were complete and three were in progress.

Endowments: Mr. Alaniz informed the Committee that he had asked Financial Aid staff to review the accounts for clarification to see if they were properly classified as "restricted" or "unrestricted." He pointed out that most were classified properly, but some may need to be in a different category

Fraud: In progress; currently assessing risk of fraud.

Accounts Receivable: Use of collection agencies—not completed; Mr. Johnson reported that he was trying to manage the default rate, which is currently 10% and costs the College \$250,000 per year, and he is looking at the possibility of hiring a different outside agency to work on installment loan collections.

(#4) CALENDARING DATES

Audit Committee meeting, December 13, 2005; 11:30 a.m.; brief update on the audit process.

In response to questions from a couple of Board members, Mr. Alaniz replied that there were open endowments and some of them had been on the books for years, and they were self-perpetuating; provided background information on the Regents' Merit Scholarship; and endowments are placed in interest-bearing accounts. Regarding the campus bookstore, he noted that the bookstore activity was recorded as an auxiliary, and \$25,000 is transferred annually for scholarships. Mr. Alaniz, vice president of Business and Finance, told the Committee that he would provide them with a copy of the information.

With no further business, the meeting adjourned at 12:07 p.m.