

MINUTES OF THE AUDIT COMMITTEE MEETING
OF THE BOARD OF REGENTS OF THE DEL MAR COLLEGE DISTRICT
May 9, 2006

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 12:05 p.m. on Tuesday, May 9, 2006, with the following present:

From the Committee:

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

From the Board:

Dr. Haysam Dawod, Mrs. Olga Gonzales, and Mr. Gabe Rivas.

From the College:

Dr. Carlos Garcia, College President; Mr. Jose Alaniz, Vice President, Business and Finance; Dr. Rosie Garcia, Interim Vice President of Instruction; 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:

Ms. Brigid Cook, with Collier, Johnson & Woods; and other interested citizens.

CALL TO ORDER/QUORUM CALL/MOMENT OF SILENCE

Mr. Trey McCampbell, chairperson of the Committee, called the meeting to order at 12:05 p.m.

PUBLIC COMMENTS

None.

PENDING BUSINESS

Status Report on Requested Information:

Mr. John Johnson, Director of Fiscal Services, distributed an update on the management letter comments from August 31, 2004, and August 31, 2005. All items were completed or in progress

ITEMS OF BUSINESS:

(#1) APPROVAL OF MINUTES

Mr. Bill Martin made a motion, seconded by Mrs. Christ Adler, to accept the minutes of the February 14, 2006, and April 11, 2006, Audit Committee meetings as presented, and the motion carried.

(#2) STATUS REPORT ON AUGUST 31, 2005, MANAGEMENT LETTER COMMENTS

Mr. Johnson reported the following items as complete:

- Investment policy modifications
- Pell Grant reconciliations/monitoring
- Review of accounts receivables.

Mr. Johnson reported the following items in progress:

- Review of endowment accounts
- Risk assessment (to be addressed under internal auditing services)
- Automation of financial reporting
- Roll forward analysis report of capital assets and depreciation.

(#3) REQUEST FOR PROPOSALS FOR INTERNAL AUDIT SERVICES

Mr. Johnson reported that the deadline for submitting proposals was the day before. Responses were received by three firms: Flusche, Van Beveren, Kilgore, PC; Lovvorn & Kieschnick, LLP; and Gowland, Streatly, Morales & Company. He recommended that the Committee, Vice President Jose Alaniz, and himself evaluate the proposals and submit their recommendation through the Audit Committee and forward to the full Board.

Dr. Haysam Dawod questioned the role of the internal auditor. Mr. McCampbell stated that the scope of work was specified in the proposal, and the position will be reporting directly to the Audit Committee through Mr. Alaniz and Mr. Johnson. Mr. Johnson told the Committee that there is a preliminary budget of \$75,000. Mr. McCampbell reminded everyone that the budget includes the cost of the position of the internal auditor.

(#4) ENGAGEMENT LETTER FOR FY 06 AUDIT

Mr. Johnson reported that the firm of Collier, Johnson & Woods submitted a proposal for external auditing services for fiscal year ending August 31, 2006, for a fee of \$39,500. Mr. McCampbell informed the Committee that he had thoroughly reviewed the engagement letter and that staff recommended approval.

Mrs. Adler made a motion, seconded by Mr. Martin, to recommend acceptance of the proposal submitted by Collier, Johnson & Woods for external auditing services for fiscal year ending August 31, 2006, for a fee of \$39,500, and the motion carried.

(#2) CALENDARING

None.

With no further business, the meeting adjourned at 12:18 p.m.