

MINUTES OF THE AUDIT COMMITTEE MEETING  
OF THE BOARD OF REGENTS  
OF THE DEL MAR COLLEGE DISTRICT

September 26, 2006

The Audit Committee meeting 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, Baldwin and Ayers, Corpus Christi, Texas, at 8:02 a.m. on Tuesday, September 26, 2006, with the following present:

From the Committee:

Mr. Trey McCampbell, chair; Mrs. Chris Adler; Mr. Bill Martin (arrived at 8:12 a.m.)

From the Board:

Mr. Gabriel Rivas and Dr. Haysam Dawod.

From the College:

Dr. Carlos A. Garcia, Ph.D., College President; Mr. José Rivera, Vice President of Student Development; Mr. Joe Alaniz, Vice President of Business and Finance; Mr. John Johnson, Director of Fiscal Services; Ms. Vickie Natale, Dean of Administrative Services; Mrs. Susie Kaspar, Executive Assistant to the President; and other faculty and staff.

CALL TO ORDER/QUORUM CALL/MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE

Mr. McCampbell called the meeting to order, and there being a quorum present, requested a moment of silence, followed by the Pledge of Allegiance.

PUBLIC COMMENTS

*Status Report on Pending Business*

In response to Mr. McCampbell's request, Mr. John Johnson, Director of Fiscal Services, provided a written and oral status report as follows:

1. Outstanding Management Letter Comments from August, 2005 Exam

Investment Policy modifications have been completed.  
Endowment accounts are still being reviewed.  
Pell grant reconciliation and monitoring have been completed.  
SAS99 requirement to access risk (outsourced) is in progress.  
Review of old accounts receivable balances has been completed.  
Automation of financial reporting is in progress.  
Roll-forward analysis of capital assets is in progress.

2. August 2006 Audited Financial Statements

Mr. Johnson reported that the work is proceeding as scheduled. He stated that federal program eligibility testing is complete. He reported that field work is scheduled to begin, at the very latest, during the week of October 23, 2006, in areas including revenue, payroll, cash disbursement and procedures.

Mr. Johnson announced that the audited financial reports will be delivered to the Board during the December meeting.

3. Internal Audit Work

Mr. Johnson explained that initial work on tuition revenue was not started as scheduled because of his delay in delivering the updated tuition revenue collection procedures and processes. He stated that the DMC procedure manual did not include the change in revenue recognition which took place with the addition of the SIS system and did not mention web-based payment options for students.

Mr. Johnson confirmed that items 2, 4, 6 and 7 should be completed by the end of the audit. He said he could not guarantee the automation of all the financial reports (item 6), and that none of the items, except possibly for item 6, should appear on the management letter next year.

Mr. Martin arrived at the meeting at 8:12 a.m.

Mr. McCampbell commented that the main priority was tuition because of the high risk.

Mr. Campbell asked Mr. Johnson to meet with the auditors to prepare and submit to the Audit Committee a 4-5 month schedule for auditing work. He noted that the College has gone more than two years without auditing work.

Additional Item

Mr. Johnson reported that the Department of Education requires the submission of the College's annual audited financial statements in an electronic pdf format. Last year the College received notice that the reports had not been filed since August 2001. Since notification, the Business Office, with the support of Information Technology, has filed all necessary reports and recently received notification that all required submissions are up to date.

Mr. Johnson responded to Board inquiries concerning endowment and agency accounts and unfilled personnel positions.

## ACTION ITEMS

1. Approval of Minutes:  
May 9, 2006  
May 30, 2006

Mr. McCampbell made a correction to the May 9, 2006 minutes as follows:

### (#3) REQUEST FOR PROPOSALS FOR INTERNAL AUDIT SERVICES

(Paragraph 2) “Mr. McCampbell stated that the scope of work was specified in the proposal, and the position will be reporting directly to the Audit Committee with **administrative** reporting through Mr. Alaniz and Mr. Johnson.”

Mrs. Adler made a motion, seconded by Mr. Martin, to approve the referenced minutes as corrected. The motion passed unanimously.

2. CALENDAR: Discussion and possible action related to calendaring dates.

An Audit Committee meeting was scheduled for October 17, 2006 to review the status of pending items and receive the schedule of internal auditing work.

## ADJOURNMENT

Mr. McCampbell adjourned the meeting at 8:30 a.m.