Pima County Community College District

Board of Governor’s Finance and Audit Committee
Meeting Minutes
Tuesday, July 1, 2014
3:00 p.m. - 5:00 p.m.
District Office, Building D
Catalina Vista Room D-225

Members

Present:
Bert Landau (via internet conferencing), Sylvia Lee, Jesus Manzanedo, Tracy Nuckolls, Suzanne Roelike, Scott Stewart, Nathanael Tarwasokono, and David Bea (ex officio)

Absent:
Marie Nemerguth, Bill Schirmer, and Clarence Vatne

Guests:
Lori Cox, Diane Groover, Ina Lancaster, and from State of Arizona Office of Auditor General: John Boswell, Keith Dommer, and Ariane Wipf

General Matters

Call to Order

Mr. Tarwasokono called the meeting to order at 3:02 p.m.

Reports

Committee Chair Comments

Mr. Tarwasokono thanked committee members for volunteering to serve as a financial oversight to the Board of Governors.

Financial Monitoring Reports

PCC Preliminary Fiscal Year 2013-2014 results through April 30, 2014

Dr. Bea provided a brief discussion of the financial statements that are presented to the Board of Governors for the period ending April 2014. Key elements of the April 2014 financials that were discussed included: cash and investments; long-term liability which represents the final G. O. Bond debt payment due; decrease in tuition over the prior year which is attributed to the (a) improving local economy, (b) decline in enrollments and (c) probation status; and the significance of the Increase (Decrease) in Net Position. An August meeting will be set for training on the details of financial reports.

Mr. Tarwasokono asked about revenues not being included in the budget-to-actual variation report and stated that he would like the Committee to receive variation

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reports that included variation analysis for revenues and investments as well as benchmarking reports to comparable higher education institutions. Dr. Bea noted that ratio analyses used by the College and an overview of an IPEDs analysis are included on the December agenda.

**Investment report results through May 31, 2014**

Dr. Bea noted that currently Investment Reports are not presented to the Board, but will be in the future.

**Information Items**

**Approved Fiscal Year 2014-15 Budget Presented on State budget forms**

Dr. Bea provided a brief overview of the official State Budget forms and publication requirements, commenting specifically on the recalibration of enrollment and enrollment capacity. He offered individual training for anyone having questions or more detailed explanations on the budget forms.


Dr. Bea provided a brief explanation of the Finance Fast Action Team Summary Report for the Self-Study. After reviewing the self-study, members can contact Dr. Bea with follow-up questions.

**Government Finance Officers Association (GFOA) Award Letter for fiscal year 2013**

Dr. Bea explained the significance of the GFOA Award for Excellence in Financial Reporting, stating that the College has earned the award for 22 consecutive years. The Award meets an Arizona Statute requirement that Community Colleges must either earn the award or provide a web-based searchable expenditure database to the public. Even though the College is in compliance with the statute by earning the Certificate Award, they will also be providing the expenditure database in the near future to enhance transparency efforts to the public. Other benefits of the award are that bond rating agencies look favorably on the award and the award constitutes an independent third party review of the College’s financial reporting.

**Action Items**

**Approval of Minutes from Committee Introduction meeting, April 21, 2014**

Dr. Lee motioned and Mr. Landau seconded, to approve the minutes for the April, 21, 2014 meeting.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.

Confidentiality Statements for committee members

All present Committee members signed and submitted Confidentiality Statements

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Committee Charter/Committee Assignments

The Committee acknowledged the Charter as a “living document” and expects to make adjustments in the future as the committee further clarifies its role. The first scheduled review for the Charter will be the December 2014 meeting.

Mr. Tarwasokono asked for volunteers to serve as liaisons to the Committee in their areas of expertise to expedite discussions as reports and information become available to the Committee.

Committee members volunteered to assume a lead role in the following areas of Committee responsibility:

- Financial Reporting – Bert Landau, Nathanael Tarwasokono
- Investments – Nathanael Tarwasokono
- Risk, Internal Control, and Governance – Tracy Nuckolls
- Internal Audit Function – Jesus Manzanedo, Suzanne Roelike
- Audit Committee Management, Reporting, and Other Responsibilities – Bert Landau, Tracy Nuckolls

Clarification was made that this is not intended to establish subcommittees. The entire Committee will continue to be responsible for all areas cited in the Charter but that these individuals will provide the focused attention on areas for which they have identified expertise.

Proposed meeting dates/tentative agendas for upcoming year

Dr. Lee motioned and Mr. Manzanedo seconded, to approve Committee meetings be held the third Friday of every other month 9:00 a.m. to 11:00 a.m. Meetings may be rescheduled due to holidays or adjusted for additional time if agenda topics warrant the need. Training meetings will be held as needed; with the first training being held in August, which has not yet been scheduled.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.

Discussion with State of Arizona Office of Auditor General

Dr. Lee motioned and Mr. Nuckolls seconded, to go to Executive Session at 4:07 p.m. for discussion with the representatives from the State of Arizona Office of the Auditor General.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.

Dr. Lee motioned and Mr. Nuckolls seconded, to end Executive Session at 4:48 p.m.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.

Returned to general session at 4:48 p.m.
Internal Audit Plan

Lori Cox, PCC Internal Auditor, provided an overview of the internal audit function and auditing standards and then presented the draft Internal Audit Engagement Plan. She described the risk assessment process which includes identifying areas of risk for the College then assessing impact and probability impact of a poor audit result, and the probability of a poor audit result in the particular area/department. Ms. Cox identified the 10 risks assessed as most critical to address.

Mr. Tarwasokono asked how many of the 10 areas identified as high risk would she be able to address in the coming year. Ms. Cox replied that she would be limited to five risk areas due to resource limitations. She pointed out that the new Office of Dispute Resolution would free up some of her time, but because the Office reports directly to her, she will remain engaged in the issues at some level.

Ms. Cox also commented that she has expertise in Federal Compliance and Grants and that it might benefit the College to engage external resources or hire additional internal resources to fully address critical risks to the College. Discussion ensued as to the importance of ensuring adequate resources for the Office of Internal Audit. Mr. Tarwasokono noted his recommendation for the College to consider external audit resourcing to assist Ms. Cox in ensuring expertise coverage for high level risks. The Committee would like an update from Ms. Cox at least quarterly.

Action: Item was tabled for further Committee review of the Risk Assessment and Engagement Work Plan. Recommendations were made for the Board representatives to relay the concern about available resources back to the Board of Governors and Chancellor. Ms. Cox will report back to the Committee at the next regular committee meeting.

Adjournment

Dr. Lee motioned and Ms. Roelike seconded, to adjourn the meeting at 5:27 p.m.

Vote: All Committee members present voted “aye” by voice vote. None were opposed.