

**MINUTES**  
**State Board of Community Colleges**  
**ACCOUNTABILITY AND AUDIT COMMITTEE**  
**Thursday, April 16, 2017 – 3:00 p.m.**

**ACCOUNTABILITY AND AUDIT COMMITTEE MEMBERS PRESENT:**

Jimmie Ford, Chair  
Breedon Blackwell  
Lisa Estep  
Samuel Powell

Darrell Saunders  
Scott Shook  
Ann Whitford  
Candler Willis

**Other Members in Attendance:**  
Ernest Pearson  
Jim Rose

Members absent: Jerry Vaughan

**OTHERS IN ATTENDANCE:**

Jimmie Williamson  
Jennifer Haygood  
Elizabeth Grovenstein  
Maureen Little

Chreatha Alston  
Sondra Jarvis  
Bryan Jenkins  
Shanté Martin

Libby Self  
Mary Shuping  
Dale McInnis (Richmond CC)  
Linda Suggs (Gates Fnd)

**WELCOME AND ETHICS STATEMENT**

Representative Ford called the Accountability and Audit Committee meeting to order at 3:08 p.m. in the Dr. W. Dallas Herring State Board Room. Representative Ford read the Ethics Awareness and Conflict of Interest Statement and asked if there were any known conflicts. None were noted.

**ROLL CALL**

Bryan Jenkins took the roll of the Accountability and Audit Committee members.

**APPROVAL OF THE AGENDA**

Representative Ford requested a motion to approve the April 20, 2017 meeting agenda. Dr. Powell moved to approve, Ms. Estep seconded, and the committee approved the agenda without change.

**APPROVAL OF THE MINUTES**

Representative Ford requested a motion to approve the March 16, 2017 joint Accountability and Audit and Policy minutes. Dr. Saunders moved to approve, Dr. Blackwell seconded, and the minutes were approved by the committee as presented.

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**FOR INFORMATION (ACCOUNTABILITY AND AUDIT)**

**College Financial Audit Findings 5 Year Summary (Attachment AUD 1)**

Mr. Jenkins reviewed the College Financial Audit Findings 5 Year Summary.

- 14 audits received this month
- 24 completed to date
- 1 college had findings (Wilkes)
- 4% with findings
- 8-10 more audits to be released
- Colleges have the authority to contract with an outside CPA firm, which 5 colleges elected to do.
- Average billing rate thus far is \$103 for State Auditor and \$116 for outside CPA firms

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College Financial Audits with Findings – FY 2015-2016 (Attachment AUD 2)

Mr. Jenkins stated that at last month's committee meeting, members asked to review findings and responses from college more timely.

Mr. Jenkins directed the members to the last page of the report and reviewed the findings and responses listed for Wilkes Community College. The finding in this report is a compliance finding related to financial aid.

Ms. Estep recommended the committee and staff follow up with colleges having findings. It was suggested to follow up within six months of the audit release. Mr. Jenkins stated he will take that as direction from the committee for staff to follow up six (6) months after the report is released.

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College Financial Audits with Findings – FY 2014-2015 (Attachment AUD 3)

Mr. Jenkins stated the FY 2014-2015 audits and findings included in the package are for information and reference. They have been discussed previously, however at the committee's request, staff wanted to provide this information and will continue to do so moving forward.

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College Statewide Federal Compliance Audit Procedures Report with Findings – FY 2015-2016 (Attachment AUD 4)

The State Auditor's office has completed and released ten (10) college Federal Compliance audits. Four of the colleges had findings related to financial aid. The common finding was not reporting changes in enrollment status in a timely manner or students over awarded federal assistance. Representative Ford asked if these are human errors. Ms. Haygood said that it is possible that the issue is miscommunication between the business office and the financial aid office. Mr. Jenkins shared it does not seem to be anything nefarious. Ms. Haygood said there has been internal conversations with the student services team. The team will work to figure out how to better support colleges with some of these compliance issues.

Ms. Estep asked what the result of the findings. The college must return the funds, but there is a chance they will not be able to recoup from the students. President Williamson stated the college could possibly hold the transcripts. Colleges have the option of recouping funds through North Carolina Debt Setoff Program and garnish wages.

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North Carolina Community College System Statewide Federal Compliance Audit Procedures Report FY 2015-2016 (Attachment AUD 5)

Mr. Jenkins stated that the System Office received our Federal Compliance Audit report and there were no findings.

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**North Carolina Community Colleges Foundation FY 2015-2016 Financial Audit (Attachment AUD 6)**

Mr. Jenkins shared that staff is required to present the Foundation's audit to the State Board for review. The audit was presented to the Foundation Board at the March 16, 2017 and unanimously approved. Mr. Jenkins reviewed the highlights of the report.

Mr. Raye asked what is included in permanently restricted funding. Mr. Jenkins stated those are funds donated for a specific purpose.

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**Quality Assurance Review (discussion)**

Mr. Jenkins stated that the System Office is an agency with an internal audit function and as such, is required to have a Quality Assurance Review or peer review. The System Office has a preliminary rating of Generally Conforms which is the highest rating. However, there are recommendations the System Office will receive requiring response no later than April 28<sup>th</sup>. The final report should be received in early May and will come to this committee for review in May.

Ms. Haygood shared there are observations in the report of areas that need to be strengthened which are being taken seriously. Mr. Jenkins' time is quite divided across duties and there needs to be more attention on Internal Audit. Assessing options on what changes need to occur. The fact there is only one person in Internal Audit and that person spends lots of time on other duties causes concern with the Internal Audit office.

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**NEW BUSINESS**

**ADJOURNMENT**

Dr. Willis motioned to adjourn, seconded by Dr. Blackwell. The meeting was adjourned at 3:37 p.m. via voice vote.

Respectfully submitted,  
Sondra Jarvis