

MINUTES
State Board of Community Colleges
ACCOUNTABILITY AND AUDIT COMMITTEE
Thursday, July 20, 2017 – 3:00 p.m.

ACCOUNTABILITY AND AUDIT COMMITTEE MEMBERS PRESENT:

Lisa Estep	Scott Shook	Ann Whitford
Bobby Irwin	Jerry Vaughan	Candler Willis
Samuel Powell		

Members absent: Breeden Blackwell

OTHERS MEMBERS IN ATTENDANCE:

Frank Johnson	Ernest Pearson	Burr Sullivan
Todd Johnson	Lynn Raye	Clark Twiddy

OTHERS IN ATTENDANCE:

Jimmie Williamson	Libby Self	Linda Suggs (Gates FND)
Jennifer Haygood	Katherine Tamer	
Bryan Jenkins	Lyn Austin (NCACCT)	

WELCOME AND ETHICS STATEMENT

Ms. Whitford called the Accountability and Audit Committee meeting to order at 3:09 p.m. in the Dr. W. Dallas Herring State Board Room. Ms. Whitford 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

Ms. Whitford requested a motion to approve the July 20, 2017 meeting agenda. The committee approved the agenda via voice vote.

APPROVAL OF THE MINUTES

Ms. Whitford requested a motion to approve the May 18, 2017 minutes. Chairman Shook moved to approve, Dr. Powell seconded, and the minutes were approved by the committee as presented.

FOR INFORMATION

SBCC Code Report (Attachment AUD 1)

Ms. Haygood reviewed the code report for the committee.

Sampling Methodology (Attachment AUD 2)

Ms. Whitford shared the history of the Program Audit Study Committee.

Mr. Jenkins stated the report showed the need for a new sampling methodology. This methodology will replace the current methodology which utilizes Audit Builder which was developed so long ago

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there is no technical support for the system. Due to the age of the software, the samples are so poorly done staff ei having to pull samples manually.

The System Office chose to contract with a consultant who was recommended by the State Auditor's Office. Mr. Jenkins shared information about the sampling methodology discussed and the process that was followed to develop the Monetary Unit Sampling method proposed by Mr. Greg Isley, CPA. State Auditor Beth Wood has given her blessing on the final methodology chosen. It has been recommended that the System Office purchase IDEA software, which is an industry standard, to evaluate the sample.

Mr. Jenkins reviewed the testing process and the success of the tests. The confidence level of the data is set at 95%. Samples will be run separately on curriculum and continuing education. The sample set will not be much larger, but will be more targeted and statistically balanced. The hope is to start using the new methodology this fall. It is estimated the new process will save several staff hours. The data pulled from the colleges is already being submitted to the System Office for budget purposes so there is no additional work for the colleges. Mr. Jenkins and Ms. Self will be the users assigned to run the data through IDEA.

Dr. Willis asked what is the percentage of total population of colleges are being sampled at currently. Ms. Self said that for a large college could be 8-9%. Mr. Jenkins stated the sampling will be completely random from all the colleges.

The staff reviewed for the committee reasons the system has compliance examiners, the process of the review, and items examined during a review. The new process will make this sampling easier and the information provided more reliable.

FOR FUTURE ACTION

Initiation of the Rulemaking Process to Adopt 1G SBCCC Subchapters 300 – “Reserved for Future Codification” and 400 – “FTE Reporting Accountability” (Attachment AUD 3)

Ms. Haygood stated this proposed rule will be reviewed with the Presidents' Association prior to it being brought to the board in August for approval.

Ms. Haygood reviewed the rule.

The financial reversions section of the rule will be reserved for future codification after more experience with the new process.

This rule states a Compliance Review Advisory Committee will be established, which was part of the recommendations from the Program Audit Study Committee. This committee would provide feedback back to the System Office and the State Board.

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Ms. Haygood stated that under 1G SBCCC 400.4 Special Reviews, there will be a change adding that a special review can be requested by a college board of trustees as well.

NEW BUSINESS

ADJOURNMENT

Mr. Vaughan motioned to adjourn, seconded by Dr. Willis. The meeting was adjourned at 3:46 p.m. via voice vote.

Respectfully submitted,
Sondra Jarvis