



AUDIT COMMITTEE MEETING MINUTES



Facilitators: Keith Curry

Date: May 3, 2021

Recorder: Paula VanBrown

Location: Zoom

Vision

Compton College will be the leading institution of student learning and success in higher education.

Mission Statement

Compton College is a welcoming and inclusive community where diverse students are supported to pursue and attain student success. Compton College provides solutions to challenges, utilizes the latest techniques for preparing the workforce and provides clear pathways for completion of programs of study, transition to a university, and securing living-wage employment.

Attendees:

Keith Curry

Gloria Hughes

Dorrett Lambey

Abdul Nasser

Armando Ruiz

Andree Valdry

MINUTES

1. Introductions

2. Role and Purpose of the Audit Committee

Dr. Curry gave a brief background of the Audit Committee. He reported that through FCMAT (Fiscal Crisis and Management Assistance Team) and the partnership with El Camino College, we were asked to hire an external auditor to work on the District's audit findings. At that time, it did not seem financially feasible to hire another position, so we developed our own internal auditing process, which included an audit committee. Our goal for the audit committee was to be able to monitor the District's audit findings and audit reports. This is our first meeting of the year because the audit report was just completed.

Dr. Curry reported there are only three members that serve on this committee. The purpose of the Audit Committee is to report the status of the previous district audit, the special audit, and internal audit recommendations.

3. 2021-2022 Compton Community College District Audit Report

Dr. Abdul Nasser reviewed the 2021-2022 Compton Community College District Audit Report. Dr. Nasser reported the District's financial report is unmodified (clean audit report for the District). There were six audit findings – two are primarily financial in nature and four are regarding financial aid, which are outlined below:

- 1) Financial reporting. The format they use is prescribed. The condition (finding), they said there were adjustments in reclassifications during the audit and there were significant differences, so a number of audit adjustments had to be made. The reason for that is primarily because of the staff turnover. Within the auditor's report the District says what we're going to do to correct the situation. We identify that we have a closing process and because we had a significant turnover in staff, some of our closing processes were not quite followed. Another factor is, we

transitioned from El Camino and combined, resulted in this finding. Now we have a new Director of Accounting (Dorrett Lambey), and a Vice President Administrative Services (Dr. Abdul Nasser). With these measures we will be able to correct this condition.

- 2) Cash management was the second finding. When you deal with federal funds, you first expend the money, using District funds, and then you draw down the federal money. But in a couple of instances, we drew down the funds from the Federal Government before we spent the funds, which was identified as a finding. The District said this was done inadvertently by the financial assistance side and another was done because we were trying to pay the students out of the CARES Act funds as fast as we could, so we went ahead and drew down the funds. Now we have a process in place to make sure this doesn't occur again.

The next four findings are regarding Financial Aid.

- 1) Return to Title IV - we needed to return funds that were not used and we did not do that. There was no documentation that showed the money was returned to Title IV. As the corrective action plan, we are updating the policy to improve the internal controls and make sure the funds are returned on a timely basis.
- 2) Enrollment Reporting: With enrollment reporting there is a requirement that we make sure our enrollment is reported correctly and we must review and update every enrollment status of the students. We did not report the student information to the system, so this is a finding. As a part of our corrective action plan we are looking at our internal controls to make sure this is corrected.
- 3) Borrower Data and Reconciliation (Direct Loan). There are two basic systems, the student accounting statement and the common origination disbursement. We need to do a monthly reconciliation between these two systems but were not consistent in doing that. We are reviewing our processes to make sure we have processes in place to get this reconciliation done.
- 4) There is also a requirement that within 15 calendar days we need to submit student payment data to the Department of Education on any of the loans that we do. We are going to review our processes and procedures to implement this and make sure we don't have the same findings.

Dr. Nasser said his plan is to put these into an Excel chart with the findings on one side, what corrective action is going to be taken, and show who is going to be responsible to make sure the corrective action is in place. He said this will be presented to the Board and updated on a monthly basis. Dr. Nasser mentioned that all these findings were first-time findings and we had no repeat findings.

4. Next Steps

Dr. Curry said the next steps will be for Business Services to create a chart of the findings and share it with the Board. At the meeting in June we can bring Financial Aid into the meeting, so we can figure out where they are on these steps for the audit. Dr. Curry asked that everyone read the audit before the next meeting.

5. Future Agenda Items

A. Financial Aid Audit Findings Responses

**The next Audit Committee meeting is scheduled for Monday, June 7, 2021
at 9:30 a.m. via ZOOM**