



**NOTICE is hereby given that the Collin County Community College District Board of Trustees will hold a meeting of the Finance and Audit Committee (Gomel, Collins, and Hardin) at 6:00 p.m. on Tuesday, June 21, 2022, in the President's Conference Room 407 at the Collin Higher Education Center, 3452 Spur 399, McKinney, Texas 75069.**

**Locations**

Celina Campus

Collin Higher  
Education Center  
McKinney, Texas

Courtyard Center  
Plano, Texas

Farmersville Campus

Frisco Campus

McKinney Campus

Plano Campus

Public Safety  
Training Center  
McKinney, Texas

Rockwall Center

Technical Campus  
Allen, Texas

Wylie Campus

**PUBLIC COMMENT**

**REVIEW AND DISCUSSION ITEM**

1. Consideration of Approval of the Annual Review of Investment Policy CAK (Local)
2. Consideration of Approval of the Authorized Broker/Dealer List
3. Collin Central Appraisal District 2022 Certified Estimate of Taxable Value
4. Discuss Results for Internal Audit Report # 22-02 – CARES Act Compliance

*Andrew P. Hardin  
Chair, Board of Trustees*

**iCollin**

[www.collin.edu](http://www.collin.edu)

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**District President**

H. Neil Matkin, Ed.D.

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**Collin County Community College District Board of Trustees**

1. Finance and Audit Committee

June 21, 2022

Resource: Melissa Irby  
Chief Financial Officer

**DISCUSSION ITEM:** Consideration of Approval of the Annual Review of Investment Policy CAK (Local)

**DISCUSSION:** The Public Funds Investment Act Government Code 2256.005(e) requires the following:

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

The College's investment advisory firm, Meeder Investment Management, Inc., has conducted its annual review and does not recommend any changes.

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

<b>Purpose Statement</b>	The College District is required under the Public Funds Investment Act (PFIA) Chapter 2256, Texas Government Code, to adopt a written investment policy. The College District is required to comply with the investment policy as approved by the Board in accordance with the standard of care as set forth in Chapter 2256.006, Texas Government Code.
<b>Statement of Intent</b>	The College District will invest public funds in a manner that provides the maximum security while meeting the daily cash flow demands of the College District, providing maximum potential interest earnings, and conforming to all state and local statutes governing the investment of public funds.
<b>Scope</b>	This investment policy applies to all financial assets of the College District. All funds are accounted for in the College District's Annual Financial and Compliance Report.
<b>Prudence</b>	<p>Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.</p> <p>The standard of prudence to be used by investment officers will be the "prudent person" standard and will be applied in the context of managing the overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.</p> <p>Prudent measures will be used to liquidate any investment that is downgraded to less than the required minimum rating.</p>
<b>Objectives</b>	<p>The primary objectives, in priority order, of the College District's investment activities will be:</p> <ol style="list-style-type: none"><li>1. Safety: Safety of principal is the foremost objective of the College District's investment program. Investments of the College District will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.</li><li>2. Liquidity: The College District's investment portfolio will remain sufficiently liquid to enable the College District to meet all operating requirements that might be reasonably anticipated.</li></ol>

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

3. Return on Investments: The College District's investment portfolio will be designed with the objective of attaining a reasonable market yield throughout budgetary and economic cycles commensurate with the College District's investment risk constraints and the cash flow characteristics of the portfolio.

**Designated Officers**

The College District's chief financial officer, the associate vice president of accounting and financial reporting, and the associate vice president/controller are expressly authorized by the Board to cause the investment of all available College District funds consistent with this policy and are therefore designated as the investment officers. Because of the various duties and responsibilities related to managing the investment portfolio, the College District's designated investment officers may delegate specific support duties and responsibilities to the revenues and receivables accountant. No person may engage in an investment transaction except as provided under the terms of this policy.

The College District may contract with a Securities and Exchange Commission (SEC)-registered investment adviser for non-discretionary management of the portfolio.

**Ethics and Conflicts of Interest**

Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the College District's investment program or that could impair their ability to make impartial investment decisions. Investment officers who have a personal business relationship with a business organization seeking to sell investments to the College District will file a statement disclosing the relationship to the College District's Board. Any material financial interests in financial institutions that conduct business with the College District, as well as any personal financial/investment positions that could be related to or have an impact upon the performance of the College District's portfolio, will be disclosed.

Additionally, any investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the College District will file a statement disclosing that relationship to the Texas Ethics Commission. A personal business relationship for this disclosure is defined as:

1. Owning ten percent or more of the voting stock or shares of the business organization or owning \$5,000 or more of the fair market value of the business organization;
2. Receiving funds from the business organization exceeding ten percent of gross income for the previous year; or

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

3. Acquiring from the business organization during the previous year investments with a book value of \$2,500 or more for a personal account.

**Sellers of Investments**

The firm and representatives of brokers/dealers will be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC), and be in good standing with the Financial Industry Regulatory Authority (FINRA). A copy of the policy will be sent to every authorized broker/dealer.

**Authorized Financial Dealers and Institutions**

The College District will maintain a list of qualified brokers/dealers authorized to engage in investment transactions. The Board will annually review, revise, and adopt this list of qualified brokers.

All approved brokers must have completed a College District broker/dealer questionnaire and will be sent a copy of the investment policy for their records.

Approved brokers will have a current financial statement on file and, if applicable, will have executed a Master Repurchase Agreement.

Local government pools will be sent a copy of the policy and must certify that they have reviewed that policy.

**Authorized Investments**

The College District will pursue a conservative, proactive approach to investment activity, including bond proceeds and pledged revenue to the extent allowed by law, and although other investments may be authorized by law, the College District may invest only in investments authorized by the Board as listed below:

1. Treasury bills, treasury notes, and treasury bonds of the United States and other direct obligations of the agencies and instrumentalities of the United States.
2. Federal Deposit Insurance Corporation (FDIC) insured or collateralized time or demand deposits issued by a state or national bank domiciled in this state that are:
  - a. Insured by the FDIC or its successor; or
  - b. Secured by obligations described by the Public Funds Collateral Act, Chapter 2257.
3. Fully collateralized repurchase agreements, as expressly defined in Section 2256.011, Texas Government Code.
4. Local government investment pools approved by the College District's Board, by resolution, with a continuous rating of no

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

lower than AAA or an equivalent rating by at least one nationally recognized rating service, and striving to maintain a \$1 net asset value.

5. AAA-rated money market mutual funds meeting the following criteria:
  - a. The fund must be registered with and regulated by the SEC;
  - b. The fund must have a dollar-weighted average stated maturity of not more than 60 days;
  - c. An established objective of the fund must be to maintain a stable net asset value of \$1 for each share;
  - d. The fund must comply with SEC Rule 2a-7; and
  - e. The fund must meet all requirements of the Texas Public Funds Investment Act, as amended.
6. Domestic commercial paper rated A1/P1 or equivalent with a maximum maturity of 270 days.
7. Obligations of states, agencies, counties, cities, and other political subdivisions of any U.S. state rated A or equivalent by a nationally recognized investment rating agency.
8. FDIC-insured brokered certificates of deposit securities issued by any bank in the U.S. delivery-versus-payment (DVP) to the College District's safekeeping agent.
9. Share certificates of credit unions domiciled in the state insured by the National Credit Union Insurance Fund.
10. Interest bearing accounts in any bank in Texas, FDIC insured or collateralized in accordance with this policy.

**Prohibited  
Investments**

The College District is strictly prohibited from investing in any of the following collateralized mortgage obligations (CMO):

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

4. Collateralized mortgage obligations that have interest rates determined by an index that adjusts opposite to the changes in a market index.

**Collateralization**

Collateralization will be required on all bank time or demand deposits and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102 percent of market value of principal and accrued interest. The custodian will be independent and outside the holding company of the pledging institution or repurchase agreement counter-party.

Acceptable collateral for depository time and demand deposits includes only:

- Obligations of the U.S. government, its agencies, and instrumentalities;
- Obligations of or guaranteed by state and local governmental entities if rated "A" or better; and
- FHLB letters of credit.

Acceptable collateral for repurchase agreements includes only:

- Obligations of the U.S. government, its agencies, and instrumentalities; and
- Obligations of or guaranteed by state and local governmental entities if rated "A" or better.

All these securities are authorized by the Public Funds Collateral Act, Chapter 2257, Texas Government Code.

Additional collateral may be pledged or purchased as required, released as it is not needed, and substituted, if necessary, with the written consent of the investment officer.

**Safekeeping**

All security transactions, including collateral for repurchase agreements, entered into by the College District will be conducted on a DVP basis. Securities owned by the College District will be held by a College District contracted third-party safekeeping institution. Safekeeping receipts and clearance documents will be required for all securities purchased or sold by the College District and held in safekeeping by an authorized third party.

**Diversification**

Diversification by investment maturity based on cash flow needs will reduce the impact of adverse market fluctuations.

**Maximum Maturities**

To the extent possible, the College District will attempt to match its investments with anticipated cash flow requirements except the

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

College District will not invest in securities maturing more than 36 months from the date of purchase.

The maximum dollar weighted average maturity of the total portfolio will not exceed 12 months.

**Internal Controls**

Duties related to investment activities will be delegated so that segregation of duties will be maintained with respect to purchasing, recording, authorizing, and reconciling investment accounts. The College District's designated investment officers will be responsible for all investment decisions. Written signature authorization of two of the aforementioned investment officers will be required to execute all investment purchases or sales.

As part of the annual financial audit, the external auditors will perform a compliance audit of management controls on investments and adherence to investment policies and procedures.

Delivery Versus  
Payment

All security transactions (with the exception of pool or money funds) by the College District will be settled "delivery versus payment." That is, the College District authorizes the safekeeping institution to release its funds only after a purchased security has been received by the institution.

Competitive Bidding  
Required

All investments will be purchased or sold on a competitive basis with bids or offers from a minimum of three College District authorized brokers/dealers for the best yield and maturity. New issue agencies must be compared to comparable securities as a competitive bid.

Monitoring Credit  
Ratings

The investment officer or investment adviser will monitor, on no less than a weekly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by policy, the investment officer or adviser will notify the CFO of the loss of rating, conditions affecting the rating, and possible loss of principal with liquidation options available, within five days after the loss of the required rating.

Loss of Credit  
Rating

The College District will monitor the credit ratings on securities that require minimum ratings. This may be accomplished through staff research or with the assistance of brokers/dealers, banks, safekeeping agents, advisers, or other independent sources. In the event that the credit rating of any security falls below the minimum required rating, the College District will take all prudent measures that are consistent with its policy to liquidate the investment.

The College District is not required to liquidate investments that were authorized investments at the time of purchase. [See 2256.017]

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

<b>Monitoring FDIC Coverage</b>	The investment officer or investment adviser will monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the College District based upon information from the FDIC. If any bank has been acquired, or merged with another bank in which brokered CDs are owned, the investment officer or adviser will immediately liquidate any brokered CD and/or interest-bearing investments that place the College District above the FDIC insurance level.
<b>Reporting</b>	Not less than quarterly, a written report of investment transactions for all funds will be prepared and signed by the investment officers and will be submitted to the Board. Reports will be prepared in accordance with requirements as specified in Section 2256.023, Texas Government Code. The quarterly written reports will be reviewed annually during the compliance audit of an independent auditor with the results reported to the Board.
<b>Market Price</b>	The investment portfolio will be marked to market monthly. Pricing information will be obtained from sources deemed independent and comparable by the associate vice president of accounting and financial reporting or the associate vice president/controller. If the price of a security is not available, the price may be estimated by analyzing similar securities' market values (matrix pricing).
<b>Training</b>	The College District's chief financial officer, the associate vice president of accounting and financial reporting, and the associate vice president/controller, being designated by the Board as the investment officers for the College District, will receive ten hours of instruction in accordance with the PFIA of the State of Texas within the first 12 months of assuming the position. Every succeeding two years the officers will receive at least ten additional hours of training relating to investment responsibility from an independent source approved by the Board.
<b>Investment Policy Review and Adoption</b>	The College District's investment policy will be adopted by written resolution of the Board stating that the Board has reviewed the investment policy and strategy and will include any changes made to either. The investment policies and strategies will be reviewed by the Board not less than annually. All revisions will be formally approved by the Board.
<b>Investment Strategy</b>	<p>The College District maintains portfolios that use four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolio(s). The weighted average maturity of the overall portfolio will not exceed one year.</p> <p>Strategies for the investment of College District funds will address:</p>

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

1. Investment suitability as it relates to the financial requirements and credit concerns of the College District;
2. Preservation and safety of principal to ensure that capital losses are avoided whether they be from defaults or erosion of market value;
3. Liquidity to the extent needed to pay the College District's obligations as they become due;
4. Investment marketability provided the need arises for the College District to liquidate the investment prior to its maturity date, although securities of all types are purchased with the intention of holding until maturity;
5. Investment diversification by maturity and market sector; and
6. Yield to attain the best yield on investments, while considering risk constraints and cash flow needs; the basis or benchmark used to determine whether market yields are being achieved will be the one-year Treasury Bill chosen for its comparability to the portfolio's maximum weighted average maturity.

Operating Fund      The primary objective of the investment strategy for the operating fund will be to ensure that anticipated cash flows are matched with adequate investment liquidity. Maturities will be staggered to meet operating expenditures, based on known and projected cash flows and market conditions. Thirty-six months is the maximum maturity for the majority of securities in the portfolio.

Building Fund      The primary objective of the investment strategy for the building fund will be to ensure that maturities are matched with anticipated cash flows. Maturities will be staggered so that they coincide with estimated draw down dates based on construction schedules and estimated project completion dates.

Debt Service Fund      The primary objective of the investment strategy for the debt service fund will be to ensure that investment liquidity is adequate to cover each succeeding debt service obligation on the required payment date. No investments may be made that exceed the next unfunded debt service payment date.

Debt Service Reserve Funds      Debt service reserves have no anticipated expenditures. The funds are deposited to provide annual debt service payment protection to bond holders. Market conditions and arbitrage regulation compliance determine the advantage of security diversification and liquidity. Generally, if investment rates exceed the applicable arbitrage yield for a specific bond issue, the College District is best served by locking in investment maturities and reducing liquidity. If the arbitrage yield cannot be exceeded, the concurrent market conditions

APPROPRIATIONS AND REVENUE SOURCES  
INVESTMENTS

CAK  
(LOCAL)

will determine the attractiveness of locking in maturities or investing shorter and anticipating future increased yields. Managing the portfolios maturities to not exceed the call provisions of the bond issue will reduce the investment's market risk if the College District's bonds are called and the reserve fund liquidated. No investment maturity will exceed three years. All portfolio investments will be in compliance with bond covenants and insurance requirements of all bond issues.

June 28, 2022

**SUBJECT**

Report Out of the Finance and Audit Committee and Consideration of Approval of the Annual Review of CAK (Local) Appropriations and Revenue Sources - Investments

**RECOMMENDATION**

The District President presents the Investment Policy CAK (Local) for review by the Board of Trustees.

**RATIONALE**

The Public Funds Investment Act Government Code 2256.005(e) requires the following:  
(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. The College's investment advisory firm, Meeder Investment Management, Inc., has conducted its annual review and does not recommend any changes.

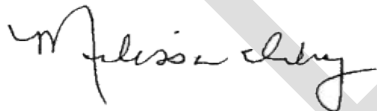
**RESOURCE PERSONNEL**

Melissa Irby, Chief Financial Officer

**ATTACHMENTS:**

- A. CAK (Local)

Respectfully Submitted By:



Melissa Irby  
Chief Financial Officer

***Collin County Community College District Board of Trustees***

2. Finance and Audit Committee

June 21, 2022

Resource: Melissa Irby  
Chief Financial Officer

**DISCUSSION ITEM:** Consideration of Approval of the Authorized Broker/Dealer List

**DISCUSSION:** Policy CAK (Local) requires that the Board of Trustees annually review and approve the list of approved broker/dealers with which the College is authorized to transact investment activity. At the regular meeting of the Board in June 2021, a contract was awarded to Meeder Investment Management, Inc. to act as investment advisors to the College. In their capacity as investment advisors, Meeder Investment Management, Inc. has recommended a list of primary dealers with which the College is authorized to execute securities transactions. Primary dealers are banks or securities broker-dealers who may trade directly with the Federal Reserve System of the United States. Primary dealers purchase the vast majority of U.S. Treasury securities and resell them to the public and other brokerage firms. Due to the large volume of U.S. Treasury securities they trade, they are often able to offer securities at advantageous prices.

**RESOLUTION  
ADOPTING AUTHORIZED BROKER/DEALER LIST**

WHEREAS, the Public Funds Investment Act (Texas Government Code, Chapter 2256) governs local government investment; and

WHEREAS, the Public Fund Investment Act (Section 2256.025) requires the governing body or its designated investment committee, no less than annually, to review, revise and adopt a list of qualified broker/dealers authorized to engage in investment transactions; and

WHEREAS, the following broker/dealers are recommended for approval:

NOW, THEREFORE, BE IT RESOLVED that:

Broker/Dealers	
Bank of America/Merrill Lynch	Morgan Stanley
BOK Financial	Moreton Capital Markets
BNY Capital Markets*	Multi-Bank Securities*
Cantor Fitzgerald	Nomura Securities*
CastleOak Securities*	Oppenheimer
FHN Financial	Piper Sandler & Co.
Goldman Sachs & Co.*	Raymond James
Hilltop Securities*	RBC Capital Markets
InspereX (formerly InCapital )	Robert W. Baird
Jefferies	Siebert Williams Shank
JP Morgan	Stifel Nicolaus
Keybanc Capital Markets*	SunTrust Robinson Humphrey*
Loop Capital	StoneX Group
MarketAxess Corporation*	UBS Financial
Mizuho Securities	Wells Fargo

are authorized as broker/dealers for the District. (\* New Broker for 2022-23)

In accordance with the Act and the Investment Policy, a copy of the Investment Policy will be sent to each broker/dealer on the list whenever a material change is made to the Policy, and each broker/dealer will be required to provide written certification of their review of the Investment Policy.

Any qualified Texas bank used for time or demand deposits may be approved by the investment officers as identified through the competitive process without Board action.

The College has complied with the requirements of the Public Funds Investment Act, and the list of authorized broker/dealers is hereby adopted.

PASSED, ADOPTED, AND APPROVED by the Board this the 28th day of June 2022.

\_\_\_\_\_  
Board Secretary

\_\_\_\_\_  
Board Treasurer

June 28, 2022

**SUBJECT**

Report Out of the Finance and Audit Committee and Consideration of Approval of the Authorized Broker/Dealer List

**RECOMMENDATION**

The District President recommends approval of the approved broker/dealers with which the College is authorized to transact investment activity.

Policy CAK (Local) requires that the Board of Trustees annually review and approve the list of approved broker/dealers with which the College is authorized to transact investment activity. At the regular meeting of the Board in June 2021, a contract was awarded to Meeder Investment Management, Inc. to act as investment advisors to the College. In their capacity as investment advisors, Meeder Investment Management, Inc. has recommended a list of primary dealers with which the College is authorized to execute securities transactions. Primary dealers are banks or securities broker-dealers who may trade directly with the Federal Reserve System of the United States. Primary dealers purchase the vast majority of U.S. Treasury securities and resell them to the public and other brokerage firms. Due to the large volume of U.S. Treasury securities they trade, they are often able to offer securities at advantageous prices.

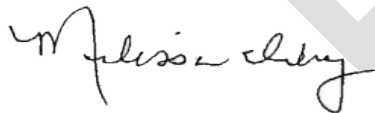
**RESOURCE PERSONNEL**

Melissa Irby, Chief Financial Officer

**ATTACHMENT**

- A. Resolution – Adopting Authorized Broker/Dealer List

Respectfully Submitted By:



Melissa Irby  
Chief Financial Officer

***Collin County Community College District Board of Trustees***

3. Finance and Audit Committee

June 21, 2022

Resource: Melissa Irby  
Chief Financial Officer

**DISCUSSION ITEM:** Collin Central Appraisal District 2022 Certified Estimate of Taxable Value

**DISCUSSION:** As part of the appraisal of real and personal property, the Collin Appraisal District issues a Certified Estimate of Taxable Value each April. Melissa Irby, Chief Financial Officer, will provide an informational update for the Finance and Audit Committee's review and discussion.

**COLLIN CENTRAL APPRAISAL DISTRICT  
2022 CERTIFIED ESTIMATE OF TAXABLE VALUE**

TAXING ENTITY NAME	2021 CERTIFIED TAXABLE VALUE, SUPP # 15, March 3, 2022	2022 NEW PROPERTY ESTIMATED TAXABLE VALUE	2022 NEW ANNEX ESTIMATED TAXABLE VALUE	2022 CERTIFIED ESTIMATE OF TAXABLE VALUE (ROUNDED), APRIL 29, 2022	2022 ESTIMATED TAXABLE VALUE COMPARED TO 2021 SUPP #15	2022 ESTIMATED TAXABLE VALUE CHANGE DUE TO NEW PROPERTY & ANNEXATIONS	2021 AVG MARKET VALUE OF HOMES, AS OF MARCH 3, 2022 SUPP #15	2022 AVG MARKET VALUE OF HOMES, AS OF 2022 NOTICES, 4-15-2022	2022 PRELIMINARY OVER-65 FREEZE TAXABLE LOSS, APRIL 26, 2022 PRELIMINARY TOTALS, TIMES 1.02	2022 ESTIMATED FREEZE ADJUSTED TAXABLE VALUE (ROUNDED), (Based on APRIL 26, 2022 Preliminary Totals) B4 MAY 7TH VOTE	2022 ADJUSTED ESTIMATED TAXABLE (CERTIFIED EST TAXABLE, MINUS ADDITIONAL \$15K HS LOSS)	2022 PRELIMINARY FREEZE ADJUSTED TAXABLE VALUE AFTER ADDITIONAL \$15K HS LOSS (ROUNDED)
<b>SCHOOLS</b>											<b>SCHOOLS ONLY</b>	
ALLEN ISD	\$16,876,023,352	\$593,815,000	\$0	\$18,860,000,000	11.76%	3.52%	\$397,162	\$512,500	\$1,809,026,641	\$17,050,000,000	\$18,487,607,000	\$16,670,000,000
ANNA ISD	\$2,059,769,554	\$276,966,000	\$0	\$2,510,000,000	21.86%	13.45%	\$256,972	\$333,400	\$247,608,621	\$2,260,000,000	\$2,439,046,250	\$2,190,000,000
BLAND ISD	\$22,126,274	\$879,000	\$0	\$24,800,000	12.08%	3.97%	\$257,491	\$329,200	\$3,662,591	\$21,100,000	\$23,902,250	\$20,200,000
BLUE RIDGE ISD	\$384,095,302	\$19,605,000	\$0	\$457,000,000	18.98%	5.10%	\$240,696	\$308,300	\$58,848,655	\$398,000,000	\$441,470,500	\$15,000,000
CELINA ISD	\$2,132,561,728	\$362,622,000	\$0	\$2,620,000,000	22.86%	17.00%	\$370,779	\$509,800	\$300,160,695	\$2,310,000,000	\$2,565,111,250	\$2,260,000,000
COMMUNITY ISD	\$1,552,691,542	\$245,669,000	\$0	\$1,970,000,000	26.88%	15.82%	\$263,195	\$332,800	\$223,502,402	\$1,740,000,000	\$1,908,685,250	\$1,680,000,000
FARMERSVILLE ISD	\$922,664,403	\$59,277,000	\$0	\$1,080,000,000	17.05%	6.42%	\$239,688	\$314,200	\$150,284,464	\$929,000,000	\$1,046,736,000	\$1,000,000
FRISCO ISD	\$35,257,372,112	\$1,292,000,000	\$0	\$39,700,000,000	12.60%	3.66%	\$445,050	\$586,700	\$2,396,413,398	\$37,300,000,000	\$39,166,516,000	\$36,770,000,000
GUNTER ISD	\$739,984	\$0	\$0	\$773,000	4.46%	0.00%	\$451,282	\$663,100	\$470,638	\$302,000	\$757,250	\$286,000
LEONARD ISD	\$22,137,022	\$1,237,000	\$0	\$24,400,000	10.22%	5.59%	\$215,022	\$274,200	\$3,111,773	\$21,200,000	\$23,344,750	\$20,200,000
LOVEJOY ISD	\$3,328,151,256	\$88,560,000	\$0	\$3,740,000,000	12.37%	2.66%	\$646,719	\$826,900	\$884,246,064	\$2,850,000,000	\$3,665,266,250	\$2,780,000,000
MCKINNEY ISD	\$19,274,208,794	\$693,657,000	\$0	\$21,600,000,000	12.07%	3.60%	\$378,284	\$490,400	\$2,897,341,273	\$18,700,000,000	\$21,153,723,750	\$18,250,000,000
MELISSA ISD	\$2,183,892,391	\$308,326,000	\$0	\$2,740,000,000	25.46%	14.12%	\$332,414	\$442,000	\$239,103,442	\$2,500,000,000	\$2,670,574,000	\$2,430,000,000
PLANO ISD	\$61,729,605,935	\$668,636,000	\$0	\$67,600,000,000	9.51%	1.08%	\$408,433	\$504,100	\$9,841,477,508	\$57,750,000,000	\$66,475,339,750	\$56,630,000,000
PRINCETON ISD	\$2,242,560,755	\$453,287,000	\$0	\$2,900,000,000	29.32%	20.21%	\$226,199	\$295,000	\$227,788,452	\$2,670,000,000	\$2,814,603,500	\$2,580,000,000
PROSPER ISD	\$11,045,091,623	\$1,214,725,000	\$0	\$13,250,000,000	19.96%	11.00%	\$473,565	\$649,800	\$1,097,071,213	\$12,150,000,000	\$12,998,850,500	\$11,900,000,000
ROCKWALL ISD	\$1,057,652	\$0	\$0	\$1,120,000	5.89%	0.00%	\$568,496	\$713,000	\$417,656	\$702,000	\$1,088,500	\$670,000
ROYSE CITY ISD	\$244,492,647	\$9,299,000	\$0	\$280,000,000	14.52%	3.80%	\$241,336	\$304,800	\$35,567,911	\$244,000,000	\$269,290,000	\$10,000,000
TRENTON ISD	\$18,913,694	\$505,000	\$0	\$20,900,000	10.50%	2.67%	\$271,415	\$394,900	\$1,914,056	\$18,900,000	\$20,411,750	\$18,400,000
VAN ALSTYNE ISD	\$73,170,845	\$7,703,000	\$0	\$83,400,000	13.98%	10.53%	\$353,860	\$424,600	\$13,434,623	\$69,900,000	\$80,895,750	\$67,400,000
WHITEWRIGHT ISD	\$8,797,315	\$519,000	\$0	\$9,860,000	12.08%	5.90%	\$252,400	\$300,000	\$2,322,227	\$7,530,000	\$9,466,250	\$7,140,000
WYLIE ISD	\$8,219,220,378	\$295,948,000	\$0	\$9,380,000,000	14.12%	3.60%	\$320,776	\$410,100	\$1,014,824,014	\$8,360,000,000	\$9,095,161,250	\$8,080,000,000

**COLLIN CENTRAL APPRAISAL DISTRICT  
2022 CERTIFIED ESTIMATE OF TAXABLE VALUE**

TAXING ENTITY NAME	2021 CERTIFIED TAXABLE VALUE, SUPP # 15, March 3, 2022	2022 NEW PROPERTY ESTIMATED TAXABLE VALUE	2022 NEW ANNEX ESTIMATED TAXABLE VALUE	2022 CERTIFIED ESTIMATE OF TAXABLE VALUE (ROUNDED), APRIL 29, 2022	2022 ESTIMATED TAXABLE VALUE COMPARED TO 2021 SUPP #15	2022 ESTIMATED TAXABLE VALUE CHANGE DUE TO NEW PROPERTY & ANNEXATIONS	2021 AVG MARKET VALUE OF HOMES, AS OF MARCH 3, 2022 SUPP #15	2022 AVG MARKET VALUE OF HOMES, AS OF 2022 NOTICES, 4-15-2022	2022 PRELIMINARY OVER-65 FREEZE TAXABLE LOSS, APRIL 26, 2022 PRELIMINARY TOTALS, TIMES 1.02	2022 ESTIMATED FREEZE ADJUSTED TAXABLE VALUE (ROUNDED), (Based on APRIL 26, 2022 Preliminary Totals) B4 MAY 7TH VOTE	2022 ADJUSTED ESTIMATED TAXABLE (CERTIFIED EST TAXABLE, MINUS ADDITIONAL \$15K HS LOSS)	2022 PRELIMINARY FREEZE ADJUSTED TAXABLE VALUE AFTER ADDITIONAL \$15K HS LOSS (ROUNDED)
<b>CITIES &amp; TOWNS</b>											<b>SCHOOLS ONLY</b>	
CITY OF ALLEN	\$15,747,712,777	\$419,791,000	\$0	\$17,610,000,000	11.83%	2.67%	\$391,555	\$501,000	N/A	N/A		
CITY OF ANNA	\$1,771,378,020	\$262,548,000	\$3,267,170	\$2,210,000,000	24.76%	15.01%	\$246,398	\$327,800	N/A	N/A		
CITY OF BLUE RIDGE	\$61,546,546	\$2,894,000	\$0	\$71,900,000	16.82%	4.70%	\$145,555	\$181,600	N/A	N/A		
CITY OF CARROLLTON	\$135,151,432	\$3,064,000	\$0	\$144,000,000	6.55%	2.27%	N/A	N/A	N/A	N/A		
CITY OF CELINA	\$2,613,469,141	\$542,294,000	\$7,741,672	\$3,330,000,000	27.42%	21.05%	\$402,725	\$558,800	\$262,521,178	\$3,060,000,000		
CITY OF DALLAS	\$5,973,873,701	\$11,882,000	\$0	\$6,340,000,000	6.13%	0.20%	\$454,379	\$545,500	N/A	N/A		
TOWN OF FAIRVIEW	\$2,235,069,460	\$74,065,000	\$0	\$2,510,000,000	12.30%	3.31%	\$572,721	\$719,800	N/A	N/A		
CITY OF FARMERSVILLE	\$325,967,840	\$28,268,000	\$0	\$389,000,000	19.34%	8.67%	\$190,530	\$248,400	N/A	N/A		
CITY OF FRISCO	\$22,794,726,093	\$1,174,028,000	\$0	\$25,780,000,000	13.10%	5.15%	\$476,939	\$633,300	N/A	N/A		18
CITY OF GARLAND	\$29,829,034	\$0	\$0	\$32,200,000	7.95%	0.00%	\$375,187	\$477,600	N/A	N/A		
CITY OF JOSEPHINE	\$157,975,436	\$9,930,000	\$0	\$189,000,000	19.64%	6.29%	\$213,038	\$291,900	\$22,501,516	\$166,000,000		
CITY OF LAVON	\$488,773,781	\$97,643,000	\$0	\$637,000,000	30.33%	19.98%	\$283,969	\$357,200	\$64,394,905	\$572,000,000		
LOWRY CROSSING	\$192,901,278	\$1,626,000	\$0	\$212,000,000	9.90%	0.84%	\$301,709	\$377,800	\$45,586,740	\$166,000,000		
CITY OF LUCAS	\$1,617,642,165	\$84,117,000	\$0	\$1,830,000,000	13.13%	5.20%	\$692,061	\$908,900	\$251,514,918	\$1,570,000,000		
CITY OF MCKINNEY	\$27,028,141,358	\$867,394,000	\$13,398,627	\$30,570,000,000	13.10%	3.26%	\$374,415	\$492,000	N/A	N/A		
CITY OF MELISSA	\$1,750,407,852	\$255,162,000	\$0	\$2,210,000,000	26.26%	14.58%	\$322,755	\$427,600	N/A	N/A		
CITY OF MURPHY	\$2,732,247,218	\$11,275,000	\$0	\$3,040,000,000	11.26%	0.41%	\$405,025	\$523,700	N/A	N/A		
CITY OF NEVADA	\$137,621,434	\$2,439,000	\$0	\$157,000,000	14.08%	1.77%	\$270,974	\$343,100	N/A	N/A		
TOWN OF NEW HOPE	\$73,081,137	\$714,000	\$0	\$79,600,000	8.92%	0.98%	\$298,118	\$358,300	N/A	N/A		
CITY OF PARKER	\$1,225,946,892	\$60,530,000	\$0	\$1,400,000,000	14.20%	4.94%	\$684,385	\$916,100	N/A	N/A		
CITY OF PLANO	\$46,051,317,401	\$625,727,000	\$0	\$50,000,000,000	8.57%	1.36%	\$396,882	\$489,800	\$5,213,284,665	\$44,780,000,000		
CITY OF PRINCETON	\$1,650,403,211	\$344,901,000	\$0	\$2,150,000,000	30.27%	20.90%	\$230,899	\$306,700	\$121,880,733	\$2,020,000,000		
TOWN OF PROSPER	\$4,768,786,786	\$376,858,000	\$0	\$5,460,000,000	14.49%	7.90%	\$581,653	\$795,900	\$501,633,216	\$4,950,000,000		

**COLLIN CENTRAL APPRAISAL DISTRICT  
2022 CERTIFIED ESTIMATE OF TAXABLE VALUE**

TAXING ENTITY NAME	2021 CERTIFIED TAXABLE VALUE, SUPP # 15, March 3, 2022	2022 NEW PROPERTY ESTIMATED TAXABLE VALUE	2022 NEW ANNEX ESTIMATED TAXABLE VALUE	2022 CERTIFIED ESTIMATE OF TAXABLE VALUE (ROUNDED), APRIL 29, 2022	2022 ESTIMATED TAXABLE VALUE COMPARED TO 2021 SUPP #15	2022 ESTIMATED TAXABLE VALUE CHANGE DUE TO NEW PROPERTY & ANNEXATIONS	2021 AVG MARKET VALUE OF HOMES, AS OF MARCH 3, 2022 SUPP #15	2022 AVG MARKET VALUE OF HOMES, AS OF 2022 NOTICES, 4-15-2022	2022 PRELIMINARY OVER-65 FREEZE TAXABLE LOSS, APRIL 26, 2022 PRELIMINARY TOTALS, TIMES 1.02	2022 ESTIMATED FREEZE ADJUSTED TAXABLE VALUE (ROUNDED), (Based on APRIL 26, 2022 Preliminary Totals) B4 MAY 7TH VOTE	2022 ADJUSTED ESTIMATED TAXABLE (CERTIFIED EST TAXABLE, MINUS ADDITIONAL \$15K HS LOSS)	2022 PRELIMINARY FREEZE ADJUSTED TAXABLE VALUE AFTER ADDITIONAL \$15K HS LOSS (ROUNDED)
<b>CITIES &amp; TOWNS</b>												
CITY OF RICHARDSON	\$8,453,641,197	\$155,861,000	\$0	\$9,200,000,000	8.83%	1.84%	\$401,401	\$496,700	N/A	N/A		
CITY OF ROYSE CITY	\$228,146,621	\$7,758,000	\$0	\$263,000,000	15.28%	3.40%	\$246,388	\$316,300	\$34,411,368	\$228,000,000		
CITY OF SACHSE	\$1,134,704,685	\$78,039,000	\$0	\$1,310,000,000	15.45%	6.88%	\$348,752	\$446,700	\$135,504,443	\$1,170,000,000		
CITY OF ST. PAUL	\$135,047,919	\$2,796,000	\$0	\$151,000,000	11.81%	2.07%	\$372,617	\$489,400	N/A	N/A		
CITY OF VAN ALSTYNE	\$1,133	\$0	\$0	\$1,150	1.50%	N/A	\$0	\$0	N/A	N/A		
CITY OF WESTON	\$65,417,604	\$11,756,000	\$0	\$80,500,000	23.06%	17.97%	\$209,312	\$348,900	\$9,282,765	\$71,200,000		
CITY OF WYLIE	\$5,602,318,017	\$140,725,000	\$0	\$6,340,000,000	13.17%	2.51%	\$299,367	\$380,100	\$566,523,906	\$5,770,000,000		
<b>COUNTY &amp; COLLEGE</b>											<b>SCHOOLS ONLY</b>	
COLLIN COUNTY	\$167,087,004,367	\$6,550,696,000	\$0	\$188,500,000,000	12.82%	3.92%	\$396,572	\$509,500	\$19,975,598,548	\$168,500,000,000		19
COLLIN CO. COLLEGE	\$170,402,481,898	\$6,550,696,000	\$0	\$192,300,000,000	12.85%	3.84%	\$396,572	\$509,500	\$21,026,844,789	\$171,200,000,000		
<b>SPECIAL DISTRICTS</b>											<b>SCHOOLS ONLY</b>	
COLLIN CO. WCID#3 (INSPIRATION) WCCW3	\$466,879,626	\$69,266,000	\$0	\$579,000,000	24.01%	14.84%	\$389,010	\$504,200	N/A	N/A		
COLLIN COUNTY MUD#1 WCCM1	\$836,927,455	\$104,742,000	\$0	\$1,030,000,000	23.07%	12.52%	\$432,773	\$599,600	N/A	N/A		
COLLIN COUNTY MUD#2 WCCM2	\$64,105,936	\$66,116,000	\$2,000,513	\$202,000,000	215.10%	106.26%	\$199,134	\$254,600	N/A	N/A		
MAGNOLIA POINTE MUD #1 WDRM1	\$151,856,047	\$98,833,000	\$2,730,510	\$269,000,000	77.14%	66.88%	\$204,224	\$262,200	N/A	N/A		
MCKINNEY MUD#1 WMM1	\$602,413,388	\$119,881,000	\$0	\$770,000,000	27.82%	19.90%	\$404,724	\$519,600	N/A	N/A		
MCKINNEY MUD#2 WMM2	\$93,504,583	\$10,411,000	\$0	\$100,000,000	6.95%	11.13%	\$300,336	\$335,600	N/A	N/A		
SEIS LAGOS UTILITY DIST WSE	\$284,405,427	\$14,944,000	\$0	\$318,000,000	11.81%	5.25%	\$555,020	\$723,900	N/A	N/A		
TRAILS OF BLUE RIDGE RDTBR	\$40,447,561	\$4,200,000	\$0	\$47,300,000	16.94%	10.38%	\$421,579	\$531,200	N/A	N/A		
VAN ALSTYNE MUD#2 WVAM2	\$46,087,148	\$2,778,000	\$0	\$9,850,000	-78.63%	N/A	\$0	N/A	N/A	N/A		

***Collin County Community College District Board of Trustees***

4. Finance and Audit Committee

June 21, 2022

Resource: Ali Subhani  
Director of Internal Audit

**DISCUSSION ITEM:** Discuss Results for Internal Audit Report # 22-02 – CARES Act Compliance

**DISCUSSION:** The Director of Internal Audit will outline the results for Internal Audit Report # 22-02 – CARES Act Compliance.



# COLLIN COLLEGE

## CARES ACT COMPLIANCE

AUDIT # 22-02

21 JUNE 2022

### Report Distribution:

H. Neil Matkin, Ed.D., District President  
Melissa Irby, Chief Financial Officer  
Abe Johnson, Ed.D., Senior Vice President Campus Operations

Trustee Andrew Hardin  
Trustee Jay Saad  
Trustee Jim Orr  
Trustee Dr. Raj Menon  
Trustee Stacy Anne Arias

Trustee Dr. J. Robert Collins  
Trustee Dr. Stacey Donald  
Trustee Greg Gomel  
Trustee Fred Moses

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## TABLE OF CONTENTS

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Executive Summary	3
Background	4
Methodology	5
Controls & Strengths Noted	5
Audit Results & Management Responses	6
Priority Findings and Risk Matrix	13
Audit Observation Categories	13

## EXECUTIVE SUMMARY

### AUDIT OBJECTIVE

The objective of the audit was to evaluate compliance with the requirements of the Higher Education Emergency Relief Fund (HEERFI/HEERFII/HEERFIII). The scope of the audit included the period January 1, 2020, through December 31, 2021.

### AUDIT RECOMMENDATIONS

Recommendation	Risk Level	Implementation Date	Page Number
1. Implement Segregation of Duties.	High	September 2022	6
2. Review Documentation and Transfer Questioned Costs	Low	November 2022	8
3. Reallocate HEERF Student Awards that Remain Uncashed	Low	November 2022	10
4. Reclassify Costs for Discharging Outstanding Balances as Lost Revenue.	Low	November 2022	11

Other less significant opportunities for improvement were communicated to management separately.

### DESIGNATED MANAGEMENT

#### Responsible Parties



Melissa Irby,  
Chief Financial Officer



Abe Johnson,  
Senior Vice President Campus Operations

### CONCLUSION

Overall, the processes implemented have facilitated compliance with HEERF program requirements. Implementation of the recommendations outlined in this report will help the District further enhance compliance.

## BACKGROUND

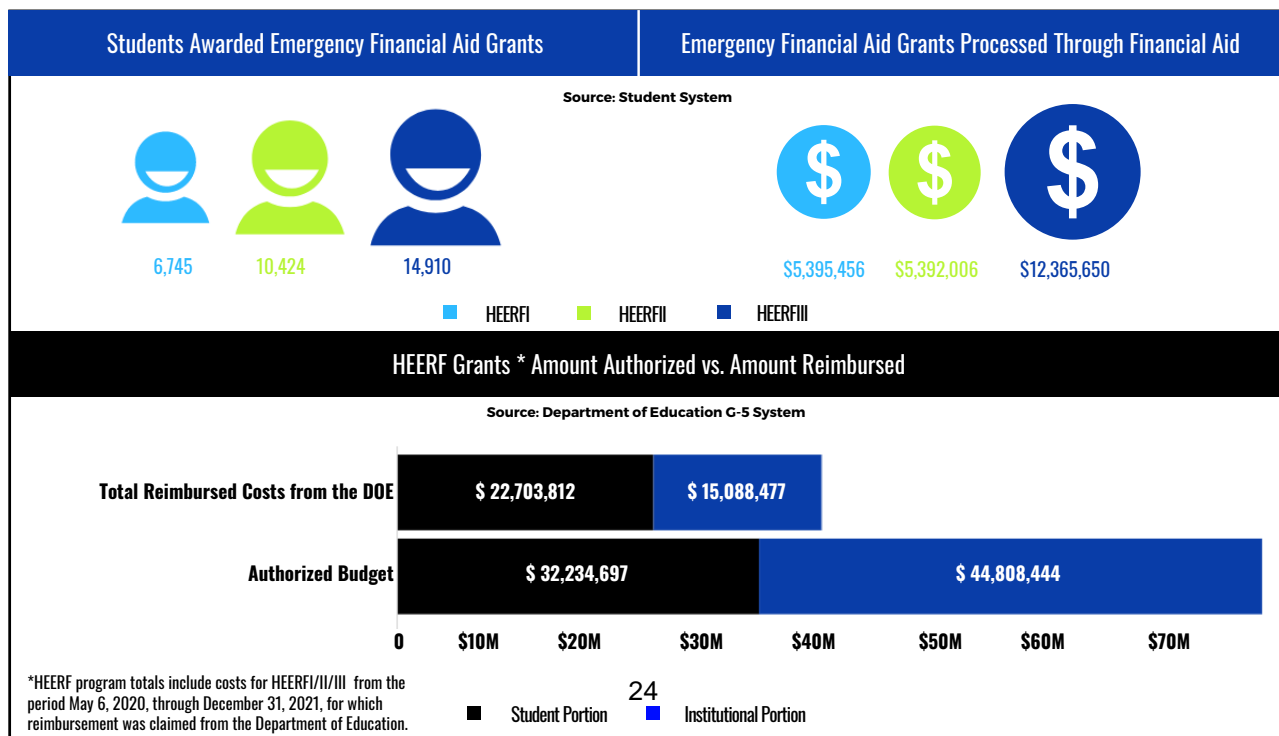
To provide fast and direct economic aid to Americans negatively impacted by the Covid-19 pandemic, Congress passed the following legislation:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act - HEERFI
- Coronavirus Response and Relief Supplement Appropriations Act (CRRSAA) - HEERFII
- American Rescue Plan (ARP) - HEERFIII

The following table details monetary relief allocated to Collin College under these programs.

	HEERFI	HEERFII	HEERFIII	Grand Total
<b>Institutional</b>	\$ 5,395,456	\$ 18,430,645	\$ 20,982,343	\$ 44,808,444
<b>Student</b>	\$ 5,395,456	\$ 5,395,456	\$ 21,443,785	\$ 32,234,697
<b>Total Funding</b>	\$ 10,790,912	\$ 23,826,101	\$ 42,426,128	\$ 77,043,141

The Department of Education's (DOE) objective was to get these funds to students in need as quickly as possible. On May 14, 2021, the DOE revised the definition of a student to clarify "that any individual who is or was enrolled at an eligible institution on or after the date the national emergency was declared for COVID-19 may qualify for assistance under HEERF program requirements." The graphics below summarize how HEERF related funds were spent.



## METHODOLOGY

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The audit scope included the period January 1, 2020, through December 31, 2021, and our fieldwork concluded on April 12, 2022. To satisfy the audit objectives, the following procedures were performed:

- Interviewed key stakeholders within the Offices of Financial Aid and Business Administrative Services regarding processes related to HEERF funds.
- Reviewed the authorized budget and funds reimbursed from the Department of Education for HEERF I/II/III.
- Tested compliance with the public reporting requirements for the Institutional and Student portions of HEERF grants.
- Performed data analysis procedures to confirm that the student awards decisions aligned with the District's plan for allocating HEERF I/II/III funds to students.
- Reviewed nonstatistical samples of student payroll costs, expenditures, and journal entries that were charged to HEERF I/II funds for allowability.
- Reviewed segregation of duties for specific job duties within the student system.

The International Standards for the Professional Practice of Internal Auditing were utilized as guidance for conducting the audit. The Standards are statements of core requirements for the professional practice of internal auditing. Those standards require that sufficient and appropriate evidence is obtained in performing and planning the audit to provide a reasonable basis for the findings and conclusions based on the audit objectives. The evidence obtained provides a reasonable basis for the findings and conclusion based on the audit objectives.

## CONTROLS & STRENGTHS NOTED

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The following controls and strengths were noted as the audit was completed:

- Overall, emergency grants to students impacted by the COVID-19 pandemic were accurate when funds were released and only awarded to students enrolled in the District in compliance with grant requirements.
- Unique account codes were set up to track HEERF student-related spending.

- A committee with representation from stakeholders such as Business Administrative Services, General Counsel, Student Services, and Academic Affairs provided oversight of costs charged to the HEERF grants.
- The District followed the business practice of drawing down funds from the Department of Education after costs were incurred.

## AUDIT RESULTS & ACTION PLAN

### 1. Implement Segregation of Duties.

Risk Level: High	Category: Governance / Compliance/ Security	
<p>Segregation of duties (SOD) is the concept of dividing or segregating key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. Without SOD, individuals may be able to override controls. Since there is no documented periodic review of access privileges within the student system, the following conflicting privileges were noted on user accounts:</p>	<p>According to 2 C.F.R. § 200.303:</p> <p>"Grant funds awarded under the HEERF programs are subject to the requirements of the Uniform Guidance, schools are required by 2 C.F.R. § 200.303 "(a) to establish and maintain effective internal control over the federal awards.....These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission."</p>	
Number of Individuals	Conflicting Privileges	
<p><b>2</b> USERS</p> 	<ul style="list-style-type: none"> <li>• Access to create a student ID number</li> <li>• Access to update a student's mailing address</li> <li>• Access to admit a student</li> <li>• Access to disburse financial-aid</li> <li>• Access to process student balance refunds</li> </ul>	
<p><b>14</b> USERS</p> 	<ul style="list-style-type: none"> <li>• Access to create a student ID number</li> <li>• Access to update a student's mailing address</li> <li>• Access to admit a student</li> <li>• Access to postcredits/refunds on student accounts</li> </ul>	
<p><b>20</b> USERS</p> 	<ul style="list-style-type: none"> <li>• Access to create a student ID number</li> <li>• Access to update a student's mailing address</li> <li>• Access to disburse financial-aid</li> </ul>	

## AUDIT RESULTS & ACTION PLAN

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### **Recommendation:**

Management should implement segregation of duties for the conflicting privileges in line with a cost-benefit analysis. Additionally, monitoring controls should be developed to detect abuse of privileges that cannot be segregated. Lastly, a documented access review process should be implemented for the student application.

### **Management Response:**

Management agrees to implement segregation of duties in line with a cost-benefit analysis.

### **Action Plan:**

Management intends to:

- Perform a detailed evaluation of privileges for each user group with the management of those respected areas.
- Implement SOD in line with a cost-benefit analysis and implement monitoring to detect abuse of privileges that cannot be segregated.
- Develop a communication plan for users impacted by the access modification before making access changes.
- Implement, a documented periodic review of privileges at the end of each long semester in the academic year.

The expected completion of the changes is by September 30, 2022.

### **Person Responsible for Implementation:**

Abe Johnson, Senior Vice President Campus Operations

## AUDIT RESULTS & ACTION PLAN

### 2. Review Documentation and Transfer Questioned Costs.

Risk Level: Low

Category: Compliance

In a review of costs that were charged to the HEERF grants, the following costs that did not fully conform to grant limitations were identified:

- In testing expenditures of \$3,305,452, documentation was unavailable to support allowability for \$2,260 in costs for technology equipment.
- In testing journal entries of \$ 2,917,882, \$ 139,266 in direct salary costs for payroll and facilities personnel was noted without supporting time and effort certifications. Furthermore, an external auditor could claim that these costs are recovered by the District whenever indirect costs are applied to the grants. That would in turn make these costs ineligible to be charged directly to the grants.

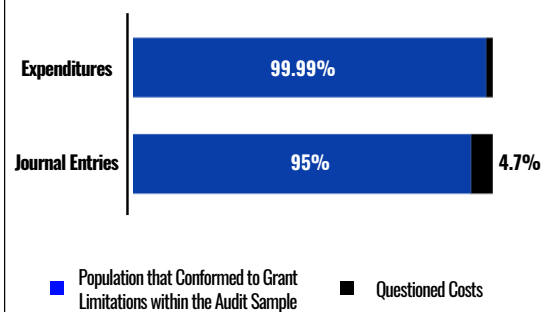
The District potentially risks non-compliance with federal regulations if the questioned costs continue to remain charged to the HEERF grants.

**Recommendation:**

Management should:

- Review supporting documentation for the costs noted and evaluate allowability under the grant requirements. The costs should be transferred

Percentage of Audit Samples and their Respective Conformance with Grant Limitations



**According to the HEERF FAQ - Question 10:**

"allowable uses under the CRRSAA for Institutional Portion awards include:

- Defraying expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll);
- Carrying out student support activities authorized by the Higher Education Act of 1965, as amended (HEA), that address needs related to coronavirus; and
- Making additional financial aid grants to students"

**According to CFR § 200.403 Factors affecting allowability of costs:**

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:....  
 c)Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost."

## AUDIT RESULTS & ACTION PLAN

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off the grants if documentation to support the allowability of expenditures does not exist.

- Implement processes to consistently maintain documentation detailing a clear nexus to the coronavirus or a transition to distance education for all costs charged to the HEERF grants.

### **Management Response:**

Management agrees to conduct additional research to evaluate allowability of expenditures.

### **Action Plan:**

Management agrees to:

- Reclassify \$2,260 in costs for the technology equipment.
- Request employees to complete effort certification documentation for the journal entry that totaled \$65,786.
- Perform additional research to determine allowability for allocation model for the journal entry that totaled \$73,480. If not allowed, the expenditures will be reclassified.

### **Person Responsible for Implementation:**

Melissa Irby, Chief Financial Officer

## AUDIT RESULTS & ACTION PLAN

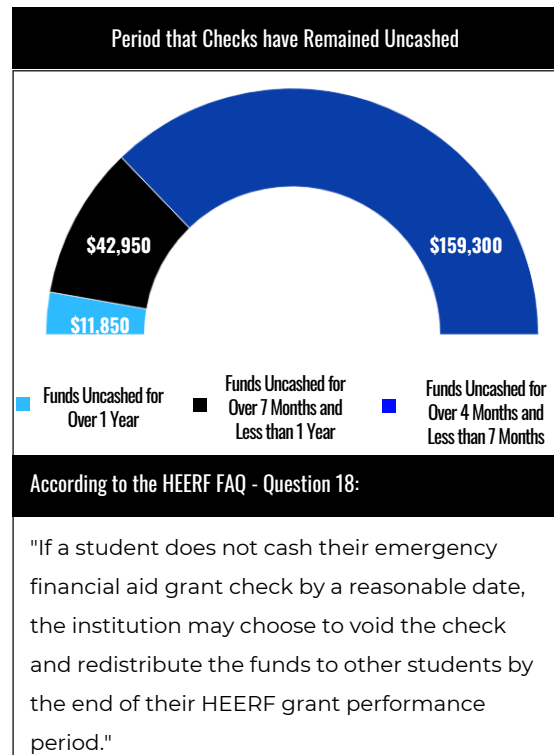
### 3. Reallocate HEERF Student Awards that Remain Uncashed.

Risk Level: Low

Category: Operational

The District distributed HEERF awards to students via check or through direct deposit. The District's standard business practice is to print a statement indicating that the check will be void after 90 days from the check's issuance date. \$ 214,100 in uncashed checks that were not voided after 90 days were identified. After the transition to Workday from July 2021, the Bursar's department did not have access to the report that identified uncashed checks.

Without follow-up within a reasonable date, the District would be unable to redistribute the funds to other qualified students.



#### Recommendation:

HEERF funds that were distributed via check that continue to remain uncashed after the 90 day period from check issuance should be voided and reallocated to other qualified students.

#### Management Response:

Management agrees to perform an analysis of uncashed Student HEERF funds.

#### Action Plan:

The Bursar's Office will follow up with students on all outstanding CARES checks issued to

## AUDIT RESULTS & ACTION PLAN

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determine if the check needs voided and reissued or reallocated to other students. In the transition from Banner to Workday through the end of December 2021, outstanding check reports were delayed in being available for review.

**Person Responsible for Implementation:**

Melissa Irby, Chief Financial Officer

## AUDIT RESULTS & ACTION PLAN

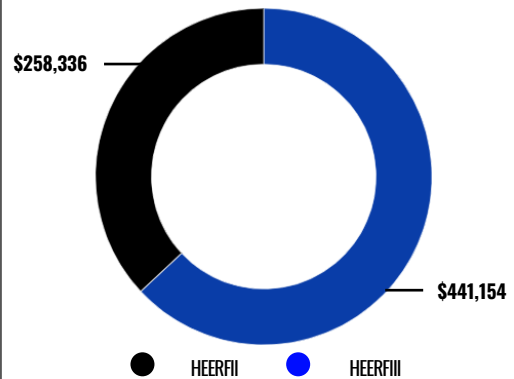
### 4. Reclassify Costs for Discharging Outstanding Balances as Lost Revenue.

Risk Level: Low

Category: Financial Reporting / Compliance

The District elected to utilize institutional HEERF funds to discharge outstanding student balances. A total of \$699,487 in outstanding balances was waived under the HEERF programs and classified as discounts to students on the quarterly reports submitted to the Department of Education. The District did not require students to provide written consent to discharge a student's outstanding account balance. Therefore, such costs can only be discharged as lost revenue. Without reclassifying the costs, the District would be non-compliant with the HEERF guidance.

HEERF Grant Used to Waive Student Balances



According to the HEERF FAQ - Question 26:

"Institutions may discharge student debt or unpaid balances by discharging the complete balance of the debt as lost revenue and reimbursing themselves through their HEERF institutional grants or by providing additional emergency financial grants to students (with their permission.)"

**Recommendation:**

Costs for discharging outstanding balances should be reclassified as lost revenue.

**Management Response:**

Management agrees to reclassify costs for discharging outstanding balances.

**Action Plan:**

Bad debt expense will be reclassified on the quarterly reports as lost revenues. This reclassification has no impact on the financial statements.

**Person Responsible for Implementation:**

Melissa Irby, Chief Financial Officer

## PRIORITY FINDINGS AND RISK MATRIX

### Definitions of Risks

Risk Level	Definition
<b>Priority</b>	High probability of occurrence that would significantly impact Collin College. If not addressed in a timely way, could directly impact the achievement of a strategic or important operational objective of Collin College as a whole.
<b>High</b>	Risks are considered to be substantially undesirable and pose a moderate to significant level of exposure to the college's operations. Without appropriate controls, the risk will happen on a consistent basis.
<b>Medium</b>	The risks are considered to be undesirable and could moderately expose the college. Without appropriate controls, the risk will occur some of the time.
<b>Low</b>	Low probability of various risk factors occurring. Even with no controls, the exposure to the college will be minimal.

## AUDIT OBSERVATION CATEGORIES

- Compliance
- Cost Savings
- Financial Reporting
- Governance
- Information Technology / Security
- Operations
- Reputation

## THANK YOU

I appreciate the courtesies and considerations extended to me during the engagement.

Please let me know if you have questions or comments regarding this audit.



Ali Subhani, CIA, CISA, GSNA, CDPSE

Director Internal Audit