



NOTICE is hereby given that the Collin County Community College District Board of Trustees will hold a meeting of the Finance and Audit Committee (Saad, Menon, and Wallace) at 6:00 p.m. on Tuesday, May 21, 2024, 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

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PUBLIC COMMENT

REVIEW AND DISCUSSION ITEM

1. Consideration of Approval of a Resolution to Participate in the Texas Connect Investment Pool
2. Consideration of Approval of a Budget Amendment to the Fiscal Year 2024 Building Fund Budget for Equipment and Technology at the Technical Campus for the Academic Alliance
3. Discuss Results for Internal Audit Report # 24-01 – Dual Credit Programs
4. Discuss Results for Internal Audit Report # 24-02 – Promotional Item Expenditures

CONVENE TO CLOSED OR EXECUTIVE SESSION

Adjournment to District President's Conference Room, CHEC 407, for closed or executive session pursuant to the Texas Government Code Chapter 551.001 et seq., Section 551.074 Personnel Matters:

5. Personnel Related to Audit/Hotline

Collin County Community College District Board of Trustees

1. Finance and Audit Committee

May 21, 2024

Resource: Melissa Irby
Chief Financial Officer

DISCUSSION ITEM: Consideration of Approval of a Resolution to Participate in the Texas Connect Investment Pool

DISCUSSION: The College currently is authorized to participate in three local government investment pools - Texpool, TexStar, and Texas Term - all three are \$1 NAV daily liquidity pools that invest in U.S. government securities, repurchase agreements, and AAA-rated money market funds. Texas Connect also has a \$1 NAV daily liquidity pool that invests in U.S. government securities, repurchase agreements, and AAA-rated money market funds.

By participating in Texas Connect, it provides the College another option to diversify the investment portfolio. Authorization to invest in Texas Connect will provide the College the opportunity to invest in professionally managed portfolios within the allowable limits of the College's investment policy.



Texas Connect Resolution Authorizing Participation

WHEREAS, Collin County Community College District (the “Participant”) is a local government or state agency of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with investment funds; and

WHEREAS, it is in the best interest of the Participant to invest funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act (the “Act”);

WHEREAS, Texas Connect, a public funds investment pool, was created on behalf of entities whose investment objectives are preservation and safety of principal, liquidity, and yield consistent with the Act;

WHEREAS, the Texas Connect Investment Policy and Information Statement have been made available to the Participant setting forth the information required by Sections 2256.005(b) and 2256.016(b) of the Act; and

WHEREAS, the Participant has determined that the investments proposed to be acquired by Texas Connect are of a type that are permitted by the Act and are consistent with its investment policy; and

WHEREAS, the Participant has determined that an investment in the Texas Connect will assist the Participant in achieving the goals set forth in its investment policy;

NOW THEREFORE, be it resolved as follows:

- A. Participant shall establish one or more account(s) in its name in Texas Connect, for the purpose of transmitting funds for investment in Texas Connect.
- B. The individuals, whose signatures appear in this Resolution, are authorized representatives of the Participant and are each hereby authorized empowered, and directed from time-to-time to do and perform all acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Participant all certificates, instruments, and other papers, whether or not herein mentioned, as they may determine to be necessary or desirable in order to carry out the terms and provisions of this Resolution, such determination to be conclusively evidenced by the performance of such acts and things and the execution of any such certificate, financing statement, instrument, or other paper.
- C. This Resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until Texas Connect receives a copy of any such amendment or revocation.

This Resolution is hereby introduced and adopted by the Participant at its regular/special meeting held on the 28th day of May, 2024. This Resolution shall take effect and be in full force upon and after its passage.

	Andrew Hardin	05/28/2024
AUTHORIZED SIGNATURE	PRINTED NAME	DATE

AUTHORIZED SIGNATURE	PRINTED NAME	DATE

Collin County Community College District Board of Trustees

2024-05-X

May 28, 2024

Resource: Melissa Irby
Chief Financial Officer

AGENDA ITEM: Report Out of the Finance and Audit Committee and Consideration of Approval of a Resolution to Participate in the Texas Connect Investment Pool

DISCUSSION: The College currently is authorized to participate in three local government investment pools - Texpool, TexStar, and Texas Term - all three are \$1 NAV daily liquidity pools that invest in U.S. government securities, repurchase agreements, and AAA-rated money market funds. Texas Connect also has a \$1 NAV daily liquidity pool that invests in U.S. government securities, repurchase agreements, and AAA-rated money market funds.

By participating in Texas Connect, it provides the College another option to diversify the investment portfolio. Authorization to invest in Texas Connect will provide the College the opportunity to invest in professionally managed portfolios within the allowable limits of the College's investment policy.

DISTRICT PRESIDENT'S RECOMMENDATION: The District President recommends approval of a resolution to participate in the Texas Connect investment pool.

SUGGESTED MOTION: This item may come as a motion and second out of committee. A suggested motion would be, "Mr. Chairman, I make a motion that the Board of Trustees of Collin County Community College District approves a resolution to participate in the Texas Connect investment pool."

Collin County Community College District Board of Trustees

2. Finance and Audit Committee

May 21, 2024

Resource: Melissa Irby
Chief Financial Officer

DISCUSSION ITEM: Consideration of Approval of a Budget Amendment to the Fiscal Year 2024 Building Fund Budget for Equipment and Technology at the Technical Campus for the Academic Alliance

DISCUSSION: The Board of Trustees approved a master plan for the District which included renovations at the Technical Campus for the Academic Alliance. These projects were included as Phase I of the approved master plan. The budget amendment of \$475,000 is projected to include equipment and technology.

The Finance and Audit Committee will be presented with an amendment of \$475,000 to the fiscal year 2024 Building Fund budget for equipment and technology needed at the Technical Campus for the Academic Alliance.

Collin County Community College District Board of Trustees

2024-05-X

May 28, 2024

Resource: Melissa Irby
Chief Financial Officer

AGENDA ITEM: Report Out of the Finance and Audit Committee and Consideration of Approval of a Budget Amendment to the Fiscal Year 2024 Building Fund Budget for Equipment and Technology at the Technical Campus for the Academic Alliance

DISCUSSION: The Board of Trustees approved a master plan for the District which included renovations at the Technical Campus for the Academic Alliance. These projects were included as Phase I of the approved master plan. The budget amendment of \$475,000 is projected to include equipment and technology.

DISTRICT PRESIDENT'S RECOMMENDATION: The District President recommends approval of an amendment of \$475,000 to the fiscal year 2024 Building Fund budget for equipment and technology needed at the Technical Campus for the Academic Alliance.

SUGGESTED MOTION: This item may come as a motion and second out of committee. A suggested motion would be, "Mr. Chairman, I make a motion that the Board of Trustees of Collin County Community College District approves an amendment of \$475,000 to the fiscal year 2024 Building Fund budget for equipment and technology needed at the Technical Campus for the Academic Alliance."

Collin County Community College District Board of Trustees

3. Finance and Audit Committee

May 21, 2024

Resource: Ali Subhani
Director of Internal Audit

DISCUSSION ITEM: Discuss Results for Internal Audit Report # 24-01 – Dual Credit Programs

DISCUSSION: The Director of Internal Audit will outline the results for Internal Audit Report # 24-01 – Dual Credit Programs.



DUAL CREDIT PROGRAMS

AUDIT # 24-01

MAY 21, 2024

Report Distribution:

H. Neil Matkin, Ed.D., District President

Jay Corwin, Ph.D., Senior Vice President of Student and Community Engagement

Abe Johnson, Ed.D., Senior Vice President Campus Operations

Bill King, Ph.D., Executive Vice President

Craig Leverette, Vice President of P-12 Partnerships and Districtwide Scheduling

Raul Martinez, Associate Vice President P-12 Partnerships

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Respectfully Submitted by:

Ali Subhani, CIA, CISA, GSNA, CDPSE, Director Internal Audit

8



TABLE OF CONTENTS

Executive Summary	3
Background	4
Controls & Strengths Noted	5
Audit Results	6
Action Plan	9
Methodology	10
Follow-up Procedures and Conclusion	11
Risk Matrix	12

EXECUTIVE SUMMARY

AUDIT OBJECTIVE & SCOPE

The objectives of the audit were to determine whether the District implemented and designed dual credit programs in compliance with applicable policies and procedures and state laws and rules regarding matters such as student waivers, student eligibility, courses offered, and contract agreements. The audit scope covered the period from fiscal year 2022 through fiscal year 2024 and included academic terms Fall 2021 through Fall 2023.

AUDIT RECOMMENDATIONS

Recommendation	Risk Level	Implementation Date	Page Number
1. Implement Centralized Tracking for At-Risk Students.	Medium	September 2024	6
2. Maintain Documentation to Outline Results of Classroom Observations.	Medium	September 2024	7
3. Further Limit Risk Specific to Acceptance of Unofficial Test Scores.	Low	Implemented	8

Less significant opportunities for improvement were shared with management separately.

DESIGNATED MANAGEMENT



Dr. Abe Johnson,
Senior Vice President Campus Operations



Craig Leverette,
Vice President of P-12 Partnerships and Districtwide Scheduling

CONCLUSION

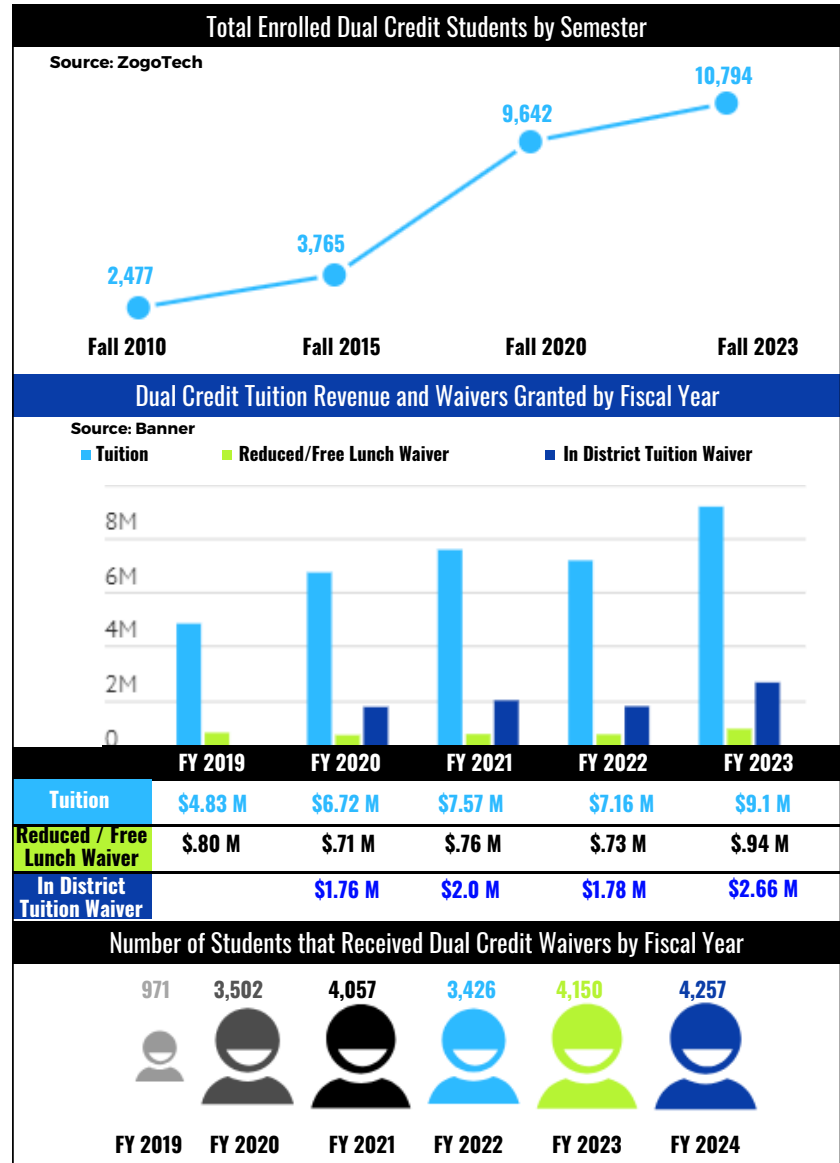
Overall, based on the audit work performed, we conclude that controls within the dual credit program are implemented and designed to facilitate compliance with the state requirements. Implementation of the recommendations within the report will further improve compliance.

BACKGROUND

Texas Administrative Code, Title 19, Section 4.83 (4), defines dual credit as a process in which a high school student enrolls in a college course and receives simultaneous academic credit for the course from both the college and the high school. Dual credit courses include both academic and technical courses. The District's dual credit program has experienced enrollment growth since its inception, growing from 2,447 dual credit students in Fall 2010 to 10,794 students in Fall 2023.

Given the growth in dual credit enrollment, the District has also seen an increase in the associated tuition revenue for dual credit courses. A tuition waiver is a type of financial assistance that waives tuition charges for qualified students. The Collin College Board of Trustees approved two separate tuition waivers for dual credit students; the Reduced / Free Lunch Waiver waives tuition charges for students participating in the reduced/free lunch program, whereas the In District Tuition Waiver waives out-of-district tuition costs.

The District must comply with the Texas Education Code requirements when operating dual credit programs. The District has agreements with over sixteen independent school districts to facilitate their students' participation as dual credit students.



CONTROLS & STRENGTHS NOTED

The District complied with requirements related to **ensuring that instructors met** the requirements to teach the dual credit courses.



The District substantially complied with requirements related to **student eligibility.**

The significant majority of the students tested met the minimum test score requirements. Separately, students were supported with documentation of approval from the high school official.



A detailed, **easy to navigate**, public-facing website with dual credit related resources for students and parents that includes the required signed agreements with school districts is in place.



The signed agreements reviewed **included 12 out of the 13** elements required by the Texas Administrative Code.

AUDIT RESULTS

1. Implement Centralized Tracking for At-Risk Students.

In review of the agreements in place between the District and neighboring independent school districts, it was noted that:

- Faculty members teaching dual credit courses may alert both the Collin College liaison and the designated high school counselor of any students having academic difficulty. They may also utilize Collin College's Early Alert Referral System (EARS) for this purpose.
- The District relies on EARS to identify students at risk of not completing college coursework to provide effective interventions.

In a review of 4,001 students who failed or withdrew from classes during the audit scope, 3,669 students (91%), were not entered into EARS. The unsuccessful completions were primarily within 10 courses. When considering the involvement of multiple institutions, the lack of centralized entry and tracking for students at high risk of not completing coursework may lead to missed opportunities for consistent timely intervention.

Recommendation:

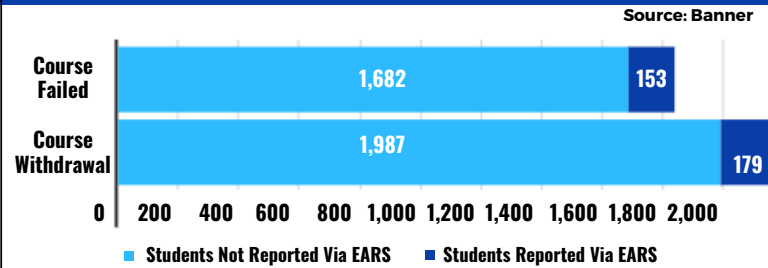
Management should mandate that all dual credit instructors report at risk completions through the EARS system so that the timeliness and consistency of intervention steps can be centrally tracked and measured.

Management Response:

Management agrees with the recommendation and plans to take the steps that are detailed on page 9.

Risk Level: Medium

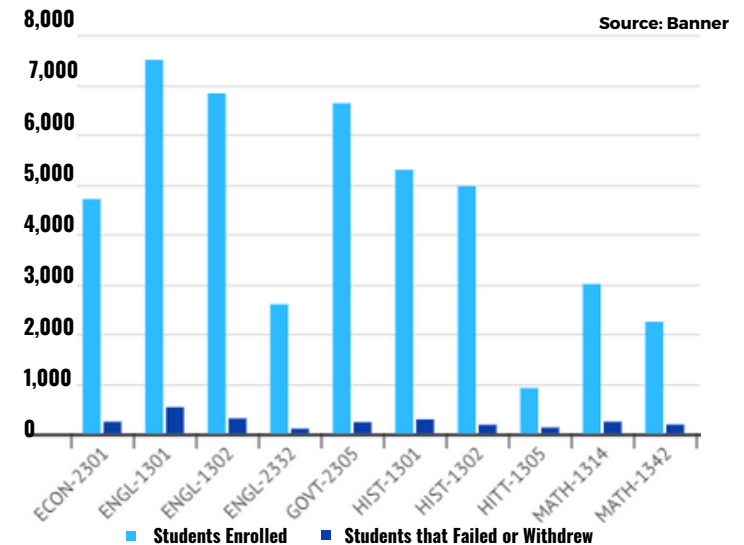
At-risk Students not Reported through EARS



According to, Title 19, Texas Administrative Code, Section 4.85:

The college is responsible for ensuring timely and efficient access to such services (e.g., academic advising and counseling), and to other benefits for which the student may be eligible.

Dual Credit Classes with the Greatest Number of Unsuccessful Completions



AUDIT RESULTS

2. Maintain Documentation to Outline Results of Classroom Observations.

Risk Level: Medium

Title 19, Texas Administrative Code, Section 4.85, requires higher education institutions to supervise and evaluate teachers of dual credit courses using the same or comparable procedures used for faculty at the main campus of the higher education institution. The District's faculty evaluation requirements are outlined in the Faculty Manual and require established faculty to receive at least one classroom observation every other year, alternating with their biennial appraisal in Workday. Newly hired faculty receive a minimum of one class observation each academic year for the first two years. Documentation to outline the results of the classroom observations could not be consistently located. Failure to maintain documentation to evidence assessment of the dual credit instructors compromises the assurance of maintaining college-level academic rigor in dual credit courses, jeopardizing compliance with state requirements.

According to, Title 19, Texas Administrative Code, Section 4.85:

e) Faculty Selection, Supervision, and Evaluation.

(1) The college shall select instructors of dual credit courses. These instructors must meet the same standards (including minimal requirements of the Southern Association of Colleges and Schools Commission on Colleges) and approval procedures used by the college to select faculty responsible for teaching the same courses at the main campus of the college.

(2) The college shall supervise and evaluate instructors of dual credit courses using the same or comparable procedures used for faculty at the main campus of the college.

Recommendation:

Management should improve processes to consistently maintain documentation outlining classroom observation results.

Management Response:

Management **agrees** with the recommendation and plans to take the steps that are detailed on page 9.

AUDIT RESULTS

3. Further Limit Risk Specific to Acceptance of Unofficial Test Scores.

Risk Level: Low

According to, Title 19, Texas Administrative Code, Section 4.85:

A high school student is eligible to enroll in academic dual credit courses if the student:

- (A) demonstrates college readiness by achieving the minimum passing standards under the provisions of the Texas Success Initiative as set forth in §4.57 of this title (relating to College Ready Standards) on relevant section(s) of an assessment instrument approved by the Board as set forth in §4.56 of this title (relating to Assessment Instrument); or
- (B) demonstrates that he or she is exempt under the provisions of the Texas Success Initiative as set forth in §4.54 of this title (relating to Exemptions, Exceptions, and Waivers).

Title 19, Texas Administrative Code, Section 4.85 outlines the eligibility requirements for students registering for dual credit courses. Higher education institutions are responsible for verifying that dual credit students meet these requirements before allowing enrollment. Once a student completes an assessment, the assessment results demonstrating eligibility are provided as unofficial or official test scores. An unofficial test score is self-reported by the student to the District and accompanied by a document from the testing entity. Conversely, the testing entity sends an official test score directly to the District. To facilitate a streamlined registration and admission process for students, effective with the Spring 2024 semester, the District transitioned to accepting unofficial test scores to support a student's enrollment request for dual credit courses. District personnel may also subsequently rely on the unofficial test score documentation to process a student's request for waiver or exemption of the dual credit enrollment requirements. Section 4.54 within the Texas Administrative Code does not mandate that only official test scores be accepted. However, accepting unofficial test scores may inadvertently lead the District to enroll students who have altered or modified their test score documentation in dual credit courses. The District requires that students receive permission from their high schools to enroll in a dual credit course. Widespread misuse of the new process could negatively impact the District's reputation.

Recommendation: To further limit the risk to the District, management can choose from the following options that align best with its risk tolerance: either consider implementing a verification process for a sample of students admitted with unofficial test scores or reconsider the transition to accepting unofficial test scores for dual credit students.

Management Response:

Management **agrees** with the first recommendation and has completed the remediation steps that are detailed on page 9.

ACTION PLAN

Recommendation	Action Plan	Person Responsible for Implementation
<p>1. Implement Centralized Tracking for At-Risk Students.</p>	<p>The Dual Credit/P-12 Partnerships Office will work with the Provosts and Academic Deans to implement this recommendation district wide for all dual credit classes.</p>	<p>Craig Leverette, Vice President P-12 Partnerships and Districtwide Scheduling</p>
<p>2. Maintain Documentation to Outline Results of Classroom Observations.</p>	<p>All adjunct faculty will be treated the same across the District when it comes to the evaluative processes such as the annual appraisal and classroom visits. A new appraisal instrument and process for adjunct faculty will be implemented in the Fall of 2024.</p>	<p>Dr. Abe Johnson, Senior Vice President Campus Operations</p>
<p>3. Further Limit Risk Specific to Acceptance of Unofficial Test Scores.</p>	<p>Management agrees with the recommendation as it is very low risk and safeguards are already in place which include sample student review. Texas Administrative Code Section 4.54 does not require official score submission.</p>	<p>Dr. Jay Corwin, Senior Vice President of Student and Community Engagement Implementation Status: Implemented</p>

METHODOLOGY

The audit scope included activity for the following academic semesters within fiscal year 2022 through fiscal year 2024:

- Fall 2021, Spring 2022, Summer 2022, Fall 2022, Spring 2023, Summer 2023, and Fall 2023. Since the Fall 2023 semester was still in progress, the Fall 2023 semester was not included within the grading specific analysis.

The fieldwork concluded on December 14, 2024.

To satisfy the audit objectives, the following procedures were performed for the period included within the audit scope:

- Interviewed personnel to gain an understanding of the District’s practices related to acceptance of test scores.
- Completed data analysis for dual credit students to determine if the students had test scores on file in Banner.
- Selected a sample of 67 dual credit students to test if the students received approval from their high school before enrolling in dual credit courses.
- Completed data analysis for dual credit classes to determine if the dual credit instructors had a credential evaluation completed within the Faculty Credential Inventory (FCI) system.
- Selected a sample of 108 dual credit instructors to determine if the instructor had a documented classroom

evaluation.

- Reviewed the percentage of unsuccessful dual credit students that were reported via the Early Alert Referral System.
- Tested signed agreements between the District and independent school districts to determine whether elements required by Title 19, Texas Administrative Code, Section 4.84 were included.

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.

The Criteria utilized included the following:

- Title 19, Texas Administrative Code, Sections 4.84, and 4.85.
- Agreements related to the dual credit programs at the selected independent school districts.
- Collin College Handbook for Faculty and Adjunct Faculty.

FOLLOW-UP PROCEDURES

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for extension to the implementation dates may require approval from the Collin College Finance and Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.

CONCLUSION

Overall, based on the audit work performed, we conclude that controls within the dual credit program are implemented and designed to facilitate compliance with the state requirements. Implementation of the recommendations within the report will further improve compliance.

The Office of Internal Audit appreciates the courtesies and considerations extended 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

RISK MATRIX

Definitions of Risks

Risk Level	Definition
Priority	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.
High	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.
Medium	The risks are considered to be undesirable and could moderately expose the college. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to the college will be minimal.

It is important to note that considerable professional judgment is required in determining the overall ratings. Accordingly, others could evaluate the results differently and draw different conclusions. It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

Collin County Community College District Board of Trustees

4. Finance and Audit Committee

May 21, 2024

Resource: Ali Subhani
Director of Internal Audit

DISCUSSION ITEM: Discuss Results for Internal Audit Report # 24-02 –
Promotional Item Expenditures

DISCUSSION: The Director of Internal Audit will outline the results for
Internal Audit Report # 24-02 – Promotional Item
Expenditures.



PROMOTIONAL ITEM EXPENDITURES

AUDIT # 24-02

MAY 21, 2024

Report Distribution:

H. Neil Matkin, Ed.D., District President
Melissa Irby, Chief Financial Officer

Trustee Andrew Hardin
Trustee Jay Saad
Trustee Jim Orr
Trustee Dr. Raj Menon
Trustee Cathie Alexander

Trustee Stacy Anne Arias
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Respectfully Submitted by:

Ali Subhani, CIA, CISA, GSNA, CDPSE, Director Internal Audit

21



TABLE OF CONTENTS

Executive Summary	3
Background	4
Audit Results	5
Action Plan	6
Methodology	7
Follow-up Procedures and Conclusion	8
Risk Matrix	9

EXECUTIVE SUMMARY

AUDIT OBJECTIVE & SCOPE

The objectives of the audit were to evaluate compliance with applicable District requirements related to expenditures, determine the validity of promotional item expenses, and determine if a legitimate documented business purpose supports all costs. The audit scope covered financial activity from the fiscal year 2022 through fiscal year 2023.

AUDIT RECOMMENDATIONS

Recommendation	Risk Level	Implementation Date	Page Number
1. Develop Policy to Govern Promotional Item Expenditures.	Medium	August 2024	5

Less significant opportunities for improvement were shared with management separately.

DESIGNATED MANAGEMENT



Melissa Irby,
Chief Financial Officer

CONCLUSION

Overall, based on the audit work performed, we conclude that controls over promotional item expenditures can be improved.

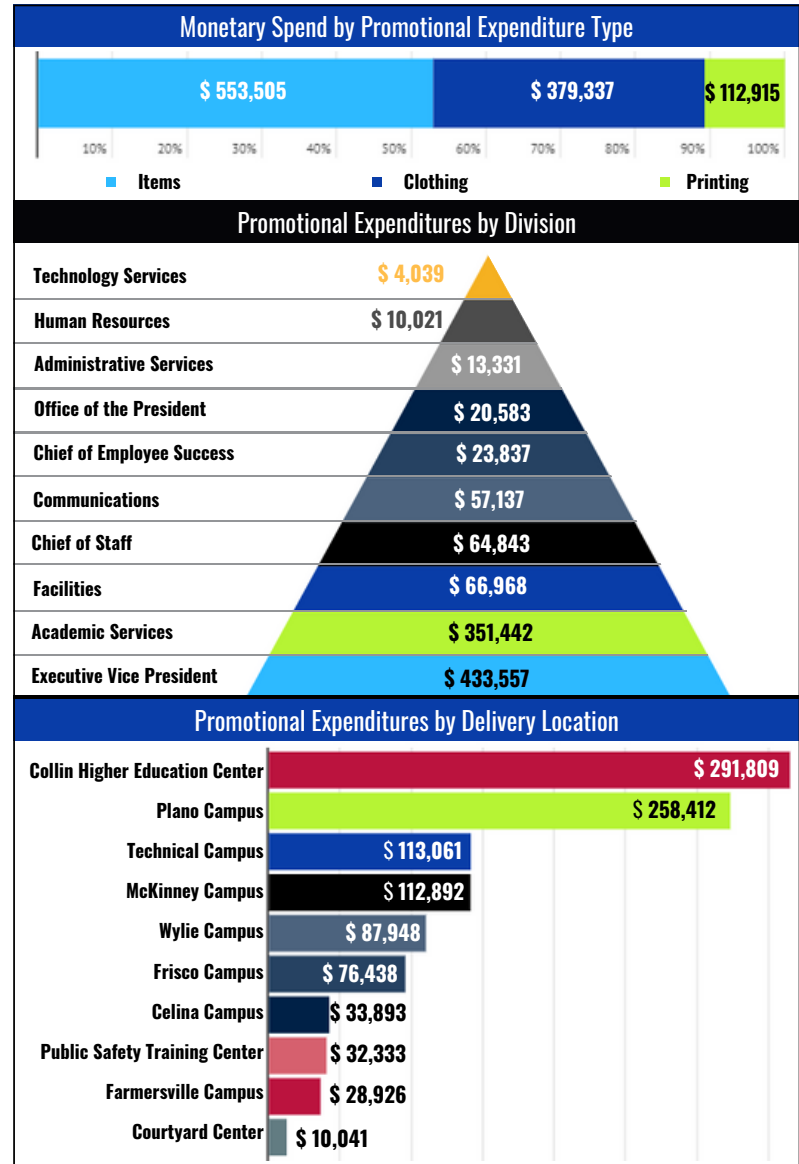
BACKGROUND

Promotional expenditures are costs incurred by the District to raise awareness of its programs and services to prospective and current students, alumni, and other stakeholders. This audit defined promotional expenditures as costs for products that were customized with a District logo and purchased in bulk. For the period September 1, 2021 through August 31, 2023, costs for promotional items across the District totaled approximately \$1,045,757. Promotional item expenditures were broadly grouped into three categories: items, clothing, and printing-related costs. Examples of promotional items within each category include products such as:

- Items - USB thumb drives, flasks, cups, headphones, etc.
- Clothing - Printed and embroidered t-shirts/polos and hats, etc.
- Printing - Banners, signs, customized table coverings, etc.

The Board of Trustees has authorized the District to award contracts to vendors that can provide promotional items. Vendors with the highest monetary spend for promotional materials are outlined below.

	Vendor Name	Monetary Spend
1.	Logotology	\$ 406,866
2.	Buffalo Specialties	\$ 208,517
3.	Ad-Wear & Specialty of Texas	\$ 198,359
4.	Big Hit Creative Group	\$ 72,774
5.	Ennis Graphics	\$ 65,930



AUDIT RESULTS

1. Develop Policy to Govern Promotional Item Expenditures.

Risk Level: Medium

The District currently does not have a policy to govern promotional item expenditures. Before Fiscal Year 2024, the cost center approver provided approval, citing the appropriateness of the promotional item expenditures. Starting with Fiscal Year 2024, the Office of Administrative Services (OAS) has improved monitoring of promotional item expenditures and requires that such expenditures are now routed through OAS. In testing a sample of 70 transactions that comprised a monetary value of \$448,085, it was noted that:

- 54 out of the 70 transactions (77%) tested did not have a business purpose documented in Workday to outline the business need for the expense.
- 42 out of the 70 transactions (60%) tested did not appear to be necessary.
- 11 out of the 70 transactions (16%) tested did not appear to promote a District initiative or strategic goal.
- 2 out of the 70 transactions (3%) tested appeared extravagant and totaled \$ 4,643. The costs were related to purchasing service awards to recognize employees with a long tenure.
- Costs for customized printed t-shirts and clothing items with a District logo appeared excessive.
- \$31,420 in costs to purchase 7,500 personalized bags with a District logo were charged to the Coronavirus Aid, Relief, and Economic Security Act (CARES) grant. The expense was incurred to distribute safety supplies to current students, which was an allowed expense category under the terms of the grant. However, promotional item expenditures are typically only allowable costs on Federal grants if written explicitly in the grant proposal/award. Federal auditors may question the need to personalize bags to help distribute safety supplies.

With a policy to govern promotional item expenditures, the District can avoid potential waste and better align expenditures to support its strategic objectives.

Recommendation:

Management should consider developing a policy to govern promotional item expenditures so that they are better aligned with the District's strategic objectives. Management should also consider transferring costs for personalized items with a District logo from the CARES grant.

ACTION PLAN

Management Response:

Management partially agrees with the recommendation and has already initiated or plans to take the steps that are detailed below.

Action Plan:

- Management will develop promotional item purchase procedures that outline items that are deemed appropriate with input from senior administration. Written procedures will be developed by July 2024.
- Management has taken steps in FY 2024 to better align promotional item purchases with the college's mission and overall strategic plan. All promotional item purchases now route to the chief financial officer for approval in Workday. All items are reviewed, and each requisition includes the purpose of the promotional item.
- The college created a committee to determine what would be considered allowable to be charged to the CARES grant. The committee included internal legal counsel, associate vice president in business administrative services, vice president – student services, and others from the campus and district leadership team. The committee evaluated grant criteria to determine if the expenses were allowable within the grant guidelines. Personalized bags were purchased from the CARES grant that were used to distribute safety supplies to students during the peak of the pandemic. Items included hand sanitizer, sanitizing wipes, and masks. All items were purchased and had the Collin logo included on them. The committee authorized the purchases and deemed them appropriate to charge the expenses to the grant.

Person Responsible for Implementation:

Melissa Irby, Chief Financial Officer

METHODOLOGY

The audit scope covered financial activity from the fiscal year 2022 through fiscal year 2023 (September 1, 2021 through August 31, 2023). The fieldwork concluded on March 19, 2024.

To satisfy the audit objectives, the following procedures were performed for the period included within the audit scope:

- Reviewed Board of Trustee agendas to develop an inventory of approved vendors to supply promotional items
- Confirmed with the purchasing staff that the vendor listing was accurate and complete
- Gathered a population of promotional item purchase orders that were processed with the approved vendors
- Summarized the costs into three broad categories of items, clothing, and print-related costs for reporting purposes
- Completed data analysis steps to compute the monetary spending by expense category, division, and campus location
- A sample of expenditures was selected to determine expense validity.

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. Absent any Districtwide criteria to determine if promotional item purchases were reasonable, the following criteria was utilized based on what a prudent person would consider a reasonable taxpayer expense. The following criteria was utilized to test the promotional expenditures:

- Was a business purpose documented to justify the cost?
- Did the purchased item promote a particular program or strategic objective of the District?
- Was the purchased item necessary to accomplish the business purpose?
- Did the purchased item have any effect on the success of the event?
- Was the purchased item given to employees?
- Was the purchased item extravagant for the purpose it was given? (Individual items over \$100 for were considered extravagant.)

FOLLOW-UP PROCEDURES

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for an extension to the implementation dates may require approval from the Collin College Finance and Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.

CONCLUSION

Overall, based on the audit work performed, we conclude that controls over promotional item expenditures can be improved.

The Office of Internal Audit appreciates the courtesies and considerations extended 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

RISK MATRIX

Definitions of Risks

Risk Level	Definition
Priority	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.
High	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.
Medium	The risks are considered to be undesirable and could moderately expose the college. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to the college will be minimal.

It is important to note that considerable professional judgment is required in determining the overall ratings. Accordingly, others could evaluate the results differently and draw different conclusions. It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.

Collin County Community College District Board of Trustees

5. Finance and Audit Committee

May 21, 2024

Resource: Ali Subhani
Director of Internal Audit

CONVENE TO CLOSED OR EXECUTIVE SESSION

Adjournment to District President's Conference Room, CHEC 407, for closed or executive session pursuant to the Texas Government Code Chapter 551.001 et seq., Section 551.074 Personnel Matters:

DISCUSSION ITEM: Personnel Related to Audit/Hotline

DISCUSSION: Discuss appointment, employment, evaluation, reassignment, duties, discipline, or responsibilities of trustees and college employees and audit results.