

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Name: Audit Committee

Date: November 17, 2015

Title: Dakota County Technical College Internal Control and Compliance Audit

Purpose (check one):

- | | | |
|---|---|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input checked="" type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

As part of the Fiscal Year 2015 Internal Auditing Annual Audit Plan, the Office of Internal Auditing conducted an internal control and compliance audit of Dakota County Technical College.

The results of the audit will be presented and discussed at the November 17, 2015 committee meeting.

Scheduled Presenter(s):

Eric Wion, Deputy Director, Office of Internal Auditing
Marita Hickman, Audit Coordinator

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD INFORMATION
DAKOTA COUNTY TECHNICAL COLLEGE INTERNAL CONTROL AND COMPLIANCE AUDIT

1 **Background:**

2 The Dakota County Technical College Internal Control and Compliance audit was approved by
3 the audit committee as part of the Fiscal Year 2015 Internal Auditing Annual Audit Plan, and
4 was completed in fiscal year 2016.
5

6 The results of the Dakota County Technical College Internal Control and Compliance audit were
7 released on September 10, 2015. Audit committee members received a copy of the audit at that
8 time. Additional copies of the audit may be obtained from the Office of Internal Auditing by
9 request.
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11 Attached is the Dakota County Technical College Internal Control and Compliance audit
12 executive summary.
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35 *Date Presented to the Board of Trustees: November 18, 2015*



Minnesota
STATE COLLEGES
& UNIVERSITIES

Dakota County Technical College Internal Control and Compliance Audit

Office of Internal Auditing
Reference Number 2015-11

Public Release Date – September 10, 2015

Members of the MnSCU Board of Trustees
Chancellor Steven J. Rosenstone
President Tim Wynes

This report presents the results of our selected scope financial internal control and compliance audit of Dakota County Technical College for fiscal years 2013, 2014, and 2015 through April 14, 2015. It contains seven findings and related recommendations to assist college management in improving business processes, controls, and accountability.

We conducted this audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The results of the audit were discussed with college and system office leadership on July 31, 2015.

We appreciate the excellent cooperation and assistance that we received from college employees.

Beth Buse, CPA, CIA, CISA
Executive Director

Audit Scope

We reviewed internal controls and compliance over the following activities for fiscal years 2013, 2014, and 2015 through April 14, 2015.

- Receipts: tuition and fees, and bookstore
- Employee business expense reimbursements
- Procurement, disbursement, and equipment inventory
- Personnel and payroll expenses
- Key financial reconciliations

Conclusion

Except for bookstore operations, the college generally had adequate internal controls and complied with policies, procedures, and finance-related legal requirements. The audit report contains seven findings.

Findings

1. The bookstore had significant internal control deficiencies and the college lacked adequate oversight of its bookstore operations. A fraud was discovered during the audit that resulted in the theft of some bookstore receipts.
2. The college had payroll-related errors including some that affected some employee's pay.
3. The college had errors that resulted in some inaccurate employee leave balances.
4. The college did not adequately manage its equipment inventory records.
5. The college used backdated drops rather than waiver transactions to waive tuition and fees for some students.
6. The college did not routinely perform and document controls to mitigate the risks with several employees having incompatible ISRS access. In addition, system access was not always removed timely when it was no longer needed.
7. The business office's cashiering area lacked some physical controls and customized training receipts collected at the college's Eagan location were not sent to the business office and deposited timely.

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The audit was performed by Marita Hickman, Craig Fautsch and Indra Mohabir