

Johnson County Community College
Committee of the Whole
8:30 a.m.
Monday, May 24, 2021
Zoom Webinar
Agenda

8:30 Information Updates:

- Science Lab Project Strategy Update – Tom Hall, Associate VP, Campus Services/Facilities Planning; Matt Glenn, Brian Pulcher, Taylor Brenner – McGown Gordon; Chris Davis, Mike Schaad – PGAV

9:00 Audit Updates:

- External Audit Update – Justin McDaid, Director, Audit and Advisory Services; Chester Moyer, Corey Robinson, Steven Silano – RubinBrown
- Summary of Internal Audit Report for JCCC's Accounts Payable function – Justin McDaid, Director, Audit and Advisory Services
- EthicsPoint Quarterly Summary Report (for the period ended March 31, 2021) – Justin McDaid, Director, Audit and Advisory Services

9:45 Monitor Business Services: Single Source Purchase report: Review monthly purchasing report – Janelle Vogler, Associate Vice President, Business Services

9:55 Monitor Business Services: Bid/RFP Review – Janelle Vogler, Associate Vice President, Business Services

- Bid/RFP Summary Report
- Contract Renewal
- Recommendation: Course Marketing Website for Continuing Education

Johnson County Community College



Audit Planning Meeting



for the year ended
June 30, 2021

Engagement Scope

AREA	Scope	Deliverables	Key Users
Audit of the Financial Statements of Johnson County Community College (JCCC)	<ul style="list-style-type: none"> ▪ Provide an Opinion on the Financial Statements Prepared by Management ▪ Obtain an understanding of internal controls over financial reporting ▪ Conducted in accordance with Government Auditing Standards ▪ Management is responsible for internal controls. 	<ul style="list-style-type: none"> ▪ Auditors' Opinion Letter ▪ Summary of Audit Results ▪ Management Letter (if necessary) 	<ul style="list-style-type: none"> ▪ U.S. Department of Education ▪ Lenders ▪ Governance ▪ Current and potential funding sources ▪ Constituents
Single Audit of JCCC	<ul style="list-style-type: none"> ▪ Identify and report on any weaknesses in internal controls over compliance ▪ Provide an opinion on compliance with major federal programs (Federal Financial Aid) ▪ Includes an upload to the federal clearinghouse database 	<ul style="list-style-type: none"> ▪ Auditors' Opinion letters ▪ Schedule of findings and questioned costs 	<ul style="list-style-type: none"> ▪ Federal Government Agencies ▪ Governance
Audit of the Financial Statements of the Johnson County Community College Foundation (Foundation)	<ul style="list-style-type: none"> ▪ Provide an Opinion on the Financial Statements Prepared by Management ▪ Obtain an understanding of internal controls over financial reporting ▪ Management is responsible for internal controls. 	<ul style="list-style-type: none"> ▪ Auditors' Opinion Letter ▪ Summary of Audit Results ▪ Management Letter (if necessary) 	<ul style="list-style-type: none"> ▪ Governance of Foundation ▪ Governance of JCCC ▪ Current and potential donors
Applicable State of Kansas and IRS Forms	<ul style="list-style-type: none"> ▪ Prepare the IRS and State of Kansas forms for JCCC and the Foundation 	<ul style="list-style-type: none"> ▪ 990 (Foundation) ▪ 990-T (JCCC & Foundation) ▪ K-120 (JCCC & Foundation) 	<ul style="list-style-type: none"> ▪ IRS ▪ State of Kansas ▪ Management

Preliminary Engagement Timeline




Planning meeting with the Board	May 24, 2021
Financial Statement Audit: Planning	Week of July 5, 2021
Financial Aid Single Audit: Year End Fieldwork	Week of June 21, 2021
Financial Statement Audit: Year End Fieldwork	Week of August 16, 2021
College Financial Statement: Initial Draft	September 9, 2021
College Financial Statement: Issue Final Draft	October 6, 2021
Year End Presentation to the Audit Committee	TBD – November 2021

Audit Risk Analysis

Final Risk Analysis*

Area	FY 21	FY 20
Student tuition & fees, receivables, deferred revenue and financial aid	High	High
Cash disbursements, purchasing and current liabilities	Moderate	Moderate
Auxiliary revenues and expenses	Moderate	Moderate
Allowance for doubtful accounts	Moderate	Moderate
Bonds payable**	Low	Moderate
Capital assets	Low	Low
Information technology	Low	Low
Payroll and related liabilities***	Moderate	Moderate
Net position	Low	Low

Risk Analysis Legend:

-  High
-  Moderate
-  Low

Discussion Items:

- Planned audit approach by area
- Areas of concern or additional focus from the Committee's perspective

*Audit Risk is assessed based on the inherent nature of the area for a public institution of higher education, coupled with our understanding of the applicable internal controls that have been designed and implemented by management

**Audit risk analysis decreased from Moderate to Low for FY21 for Bonds as the Student Commons and Parking System Revenue Refunding Bonds were delivered in November 2019 (FY20).

***Presentation for Benefit Trust Fund was new in FY20 and continues into FY 21.



Audit Committee's Role In Oversight

Discussion Items

■ Fraud Risk Discussion & Inquiries

- Any allegations, suspicions or known instances of fraud during the current year?
- Any issues with compliance with required laws and regulations?
- Any current or pending litigation, claims or assessments?
- Results of compliance reviews conducted by funding sources and other third parties (if any)
- Are there matters the Board of Trustees or management considers as warranting particular attention during the audit, or areas that you would like to request additional procedures be undertaken?

Chester Moyer

- Engagement Partner
- 816.859.7945
- chester.moyer@rubinbrown.com

Corey Robinson

- Audit Manager
- 816.859.7943
- Corey.Robinson@rubinbrown.com

Emerging Auditing and Financial Reporting Issues

Summary of Effective Dates

Topic	Effective Date
Lease Accounting Changes – GASB 87	Effective for reporting periods beginning after June 15, 2021 (June 30, 2022 year end)
Subscription-Based Information Technology Arrangements – GASB 96	Effective for reporting periods beginning after June 15, 2022 (June 30, 2023 year end)



Audit & Advisory Services

Internal Audit Report Summary

Performance Audit of the Accounts Payable Function

Strong Internal Controls, Policies, and Procedures Provide Safeguards Against Improper Payments

Why A&AS Did This Audit

Audit & Advisory Services recently completed an internal audit of the JCCC Accounts Payable function. The objectives of this audit were to evaluate the internal control processes related to payments made by the college to vendors, individuals, and other entities, review and evaluate transactions for accuracy, and determine compliance with applicable laws, regulations, policies, and procedures.

Transactions were selected for review from the period of July 1, 2019 through March 30, 2021.

We appreciate the cooperation and assistance provided by Accounts Payable and Financial Services staff and management during our internal audit.

What A&AS Found

Overall Summary: Overall, we found the internal controls, policies, and procedures in place for the Accounts Payable functions are sound and provide a high level of assurance that transactions are accurate, timely, and appropriate. Our transaction testing found no material exceptions. The recommendations noted later in this summary assist in further strengthening internal controls in support of the college's ongoing focus on process improvement and effective use of resources.

Finding 1: An Accounts Payable employee had the ability to both create a vendor and generate a payment to that vendor. Note: The employee's access to the vendor master file was related to a previous process related to payments for the college procurement cards. The process has since been changed and the employee's access to the vendor master file revoked, thus removing the identified risk.

Finding 2: Information about changes to the Vendor Master File (VMF) can be reviewed via a report from the FTMVEND form in Banner. Currently, the report provides information on username and access date of the VMF. If feasible, adding additional fields to this report would provide an additional detective control against unauthorized changes to vendor data.

Finding 3: The manual check printing process, while representing a declining percentage of total overall payments, presents technological and potential security challenges such as the risk of paper check fraud and information theft. According to logged data from JCCC Information Services, between May 1, 2020, and February 26, 2021, 1,156 checks were improperly printed, or duplicate printed and had to be logged, secured, and shredded.

What A&AS Recommends

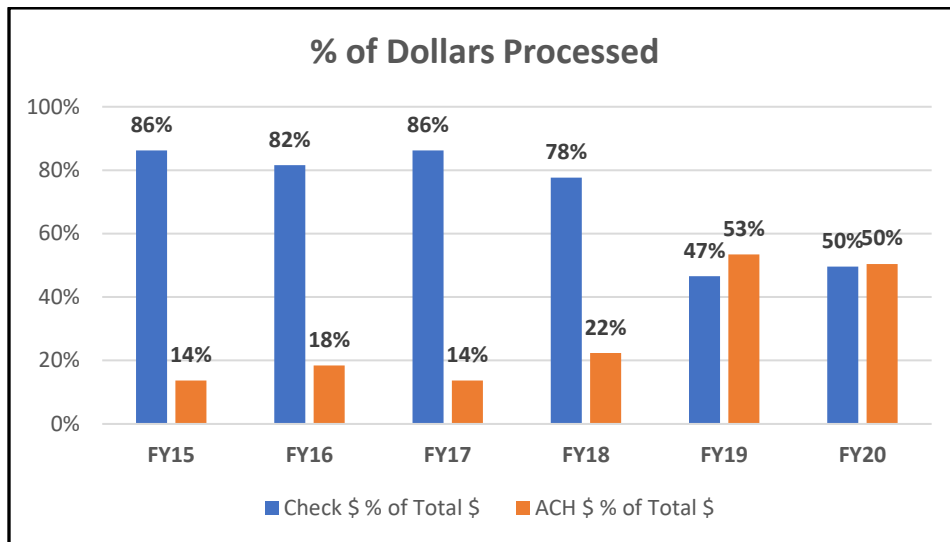
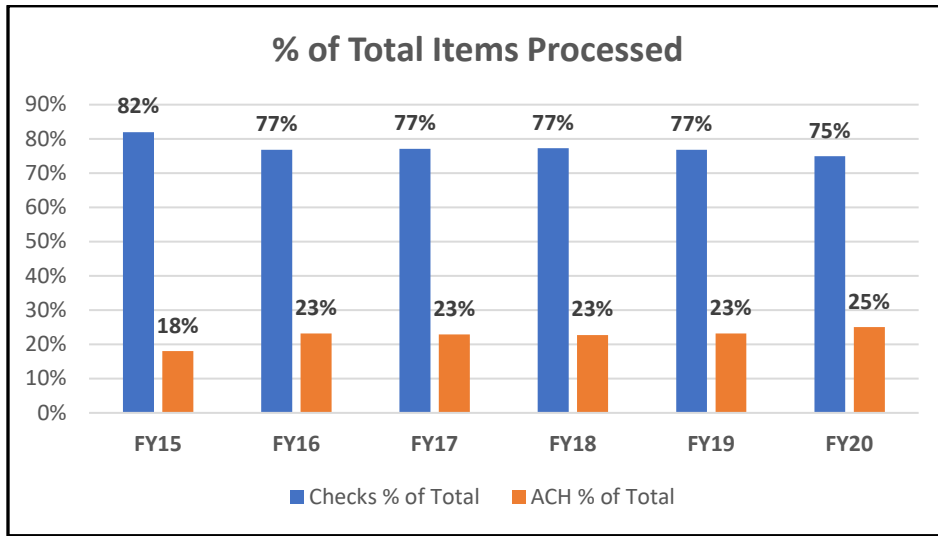
We made three recommendations to address the issues outlined in the report. Our recommendations to Accounts Payable include:

- Consider increasing the data fields provided in the Banner FTMVEND report of VMF access to include additional data beyond username and date accessed (for example: fields modified, etc.)

Audit & Advisory Services Internal Audit Report Summary

- Continue to encourage existing and new vendors to accept payments via Automated Clearing House (ACH) electronic payments, thus reducing the number of paper checks the college prints.
- Information Services and Financial Services should work together to identify and remedy the core issue(s) causing errors and duplications in the paper check printing process.

Accounts payable agreed with our recommendations.



Source: JCCC Accounts Payable



Audit & Advisory Services Internal Audit Report Summary

Reference Data, Cont.

# of Transactions Processed					
FY	Checks	Checks % of Total	ACH	ACH % of Total	Total #
FY15	10,129	82%	2,224	18%	12,353
FY16	9,367	77%	2,826	23%	12,193
FY17	9,268	77%	2,749	23%	12,017
FY18	8,779	77%	2,586	23%	11,365
FY19	8,204	77%	2,482	23%	10,686
FY20	7,111	75%	2,376	25%	9,487

\$ Amount Processed					
FY	Checks	Check \$ % of Total \$	ACH	ACH \$ % of Total \$	Total \$
FY15	\$40,310,371	86%	\$6,420,403	14%	\$46,730,774
FY16	\$39,391,598	82%	\$8,893,205	18%	\$48,284,803
FY17	\$52,045,963	86%	\$8,290,054	14%	\$60,336,017
FY18	\$46,449,617	78%	\$13,349,228	22%	\$59,798,845
FY19	\$45,239,904	47%	\$51,943,284	53%	\$97,183,188
FY20	\$43,546,885	50%	\$44,269,149	50%	\$87,816,034

Source: JCCC Accounts Payable



Audit & Advisory Services

JCCC Ethics Report Line

May 24, 2021

Between January 1, 2021 and May 18, 2021 **three** reports were received via the JCCC Ethics Report Line.

Two of those reports were received anonymously.

The three reports received concerned the following issues:

Employee Misconduct	2
Employee Complaint	1

As of May 18, 2021, all three reports have been reviewed, one report has been addressed, and two reports are in-process.

A summary of reports by calendar year and report category is included on the following page.

JCCC Ethics Report Line - Annual Case Summary by Calendar Year

ISSUE	2013	2014	2015	2016	2017	2018	2019	2020	2021
Accounting and Auditing Matters									
Data Privacy / Integrity							2		
Disclosure of Confidential Information			3						
Discrimination or Harassment	8	7	14	16	8	10	7	3	1
EEOC or ADA Matters				2					
Employee Complaint or Grievance	2	6	3	3	8	5	19	5	1
Employee Misconduct	6	7	12	8	6	3	5	4	
Falsification of Contracts, Reports or Records				1					
Fraud				1			1		
General Complaints - Academic					1	1			
HIPAA			1						
Improper Giving & Receiving of Gifts		1							
Improper Supplier or Contractor Activity		1							
Malicious/Inapprop. Use of Tech.	1							1	
Misuse of Resources									
Other						1		1	
Other - Accounting & Financial			1			3			
Other - Data Security and Information Technology						2			
Other – Athletics Compliance			1				1		
Other - Health, Risk & Safety Matters				1			1		1
Other - Human Resources	5	4	1	8	4	1	1	5	
Public Safety	1	1							
Sabotage or Vandalism									
Scholarship/Financial Aid Misconduct				1					
Sexual Harassment	3			2	3				
Sexual Misconduct			1	2				1	
Substance Abuse	1					1			
Theft / Embezzlement		1							
Unsafe Working Conditions								1	
Unusual	1			2			1		
Violence or Threat		1		2					
Waste, Abuse or Misuse of Institution Resources			2	1					
Whistleblower Retaliation		1	4						
Total	28	30	43	50	30	27	38	21	3

Eight-year average # Ethics Report Line complaints filed = 33

**SINGLE SOURCE PURCHASE REPORT
JUNE 2021 COMMITTEE OF THE WHOLE (MAY 24)**

Vendor Name	Description	Policy 215.04 Exception	Fund	Department	Amount
Strategic Equipment and Supply	Proprietary kitchen equipment for Chick-fil-A renovation.	2a. Items for which competition is precluded because of the existence of patents or copyrights.	0201, General Fund	7761, Chick-fil-A	\$ 46,621.30
Feld Fire	Veridian Bunker Gear (fire protective equipment) for the Fire Science program.	2c. Items or services required to meet specific educational objectives.	0201, General Fund	1214, Fire Science	\$ 58,159.50
Micro Data Systems, Inc	For Continuing Education for trainers and curriculum to deliver computer technology course subjects throughout FY22 for enrollment and customized contract business clients.		0601, Adult Supplementary Education Fund	1409, Microcomputer Training	\$ 140,000.00
The Wilson Group	For labor and materials for BNSF for the following room renovations: 5, 55/57, 62, and 12. <i>CO-OP: Sourcewell EZIQC Contract No. MO02C-071117-TWG</i>	12. The President or the President's designee shall have the option to purchase at the unit or contract prices stated in current cooperative contracts established by purchasing cooperatives that are deemed to be in the College's best interest.	2110, BNSF Projects Fund	7751, BNSF Remodeling Projects	\$ 82,168.00
				Grand Total	\$ 326,948.80

SUMMARY OF AWARD OF BIDS/RFPs:

\$50,000 - \$150,000

JUNE 2021 COMMITTEE OF THE WHOLE (MAY 24)

Bid Title Total Contract Period Fund Source / Firms Notified	Vendors Original Bid Amounts First Year / Multi-Year Total (if applicable)	Current Year Amount Multi-Year Total or Single Purchase	Justification If other than Low Bid
21-061 Professional Photo Booth Base Year, 4 Renewal Option Years: 6/1/2021 - 5/31/2026 Base Year Fund Source: General Firms Notified: 44	1. Iris Booth Incorporated: \$28,500/\$58,500	<p align="right">\$28,500 \$58,500</p>	Low bid
21-048, ACER 1440G Lathe Package Project completion/No Renewals Fund Source: General, LSCA Library Literacy Grant Firms Notified: 20	1. Eichman Sales Associates LLC: \$75,816 2. Beaver Drill & Tool Company: \$77,915	<p align="right">\$75,816 <i>Single Purchase</i></p>	Low bid
21-060, JCCC Chick-fil-A Renovation Project completion/No Renewals Fund Source: General Firms Notified: 190	1. Paric Corporation: \$57,901 2. Infinity Group: \$69,105 3. Loyd Builders, Inc.: \$91,115 4. KBS Constructors, Inc.: \$109,168	<p align="right">\$63,691.10 <i>Single Purchase</i> <i>(includes 10% contingency - \$5,790.10)</i></p>	Low bid with alternate

SUMMARY OF RENEWALS:

\$50,000+

JUNE 2021 COMMITTEE OF THE WHOLE (MAY 24)

Bid Title Total Contract Period	Vendors Original Bid Amounts	Renewal Option Amount	Description of Services Original BoT Approval/Justification
<p>18-042, Financial Audit Services (JCCC-1448)</p> <p>Original Term: Base year, 4 optional renewals 5/1/2018 - 4/30/2023</p> <p>Renewal Option: 3 of 4</p>	<ol style="list-style-type: none"> 1. RubinBrown LLP: \$76,350 / \$405,410 2. Allen, Gibbs & Houlik, L.C: \$82,014 / \$410,070 3. BKD, LLP: \$88,500 / \$442,500 4. CliftonLarsonAllen LLP: \$86,000 / \$430,000 5. Grant Thornton LLP: No Bid 6. RSM US LP: \$86,100 / \$430,500 	<p align="center">\$83,930</p>	<p>Annual financial audit services related to the College’s general-purpose financial audit, compliance audit, Foundation financial audit, and tax reporting and compliance. The JCCC Foundation pays their respective audit fees separately.</p> <p>Note: Renewal fee does not include out-of-pocket technology and administrative expenses. An additional \$5,300 is included as contingency for any required audits of additional major Federal programs.</p>
<p>19-030, Annual Contract for Waste Disposal & Recycling Services (C19-030-00)</p> <p>Original Term: Base year, 4 optional renewals 7/1/2019 - 6/30/2024</p> <p>Renewal Option: 2 of 4</p>	<ol style="list-style-type: none"> 1. WCA: Waste Disposal - \$47,893.00 / \$254,270.44 <i>(waste disposal and recycling)</i> 2. Waste Management of Kansas: \$20,206.00 / \$113,903.10 <i>(waste disposal only)</i> 3. Access Records Management: Non-responsive 	<p align="center">\$50,809.68</p>	<p>Annual contract for Waste Disposal & Recycling Services with 3% increase as originally approved by May 2019 BOT.</p>

AWARD OF BIDS/RFPs - MULTI-YEAR PURCHASE:

\$150,000+

JUNE 2021 COMMITTEE OF THE WHOLE (MAY 24)

Bid Title Total Contract Period Fund Source / Firms Notified	Vendors Original Bid Amounts First Year / Multi-Year Total (if applicable)	Current Year Amount Multi-Year Total	Justification If other than Low Bid						
21-041, Course Marketing Website for Continuing Education Division Base Year, 4 Renewal Option Years 6/1/2021 - 5/30/2026 Base Year Source of Funds: Capital Outlay Firms Notified: 440	1. Imagemakers, Inc.: \$45,500.00 / 238,500.00 2. Erdos Technologies, Inc.: \$35,000.00 / \$107,000.00 3. Level Five Solutions, Inc.: \$38,064.00 / \$322,560.00 4. Modern Campus - \$28,500.00 / \$190,653.00 5. Yoodle, LLC: \$19,788.00 / \$131,439.00	<p align="right"> \$45,500.00 \$238,500.00 </p>	Based on the technical and functional capabilities, including a clear vision for Continuing Education’s registration website, support services, past experience, expertise and reliability, and proposed costs, it was determined that Imagemakers proposal most effectively meets the College’s requirements.						
PURPOSE & DESCRIPTION									
The purpose of this Request for Proposal (RFP) was to seek a customizable Course Marketing Website for the Continuing Education Division. The initial term of the contract will be from July 1, 2021 through June 30, 2022 and is renewable for four additional years, in one-year increments, upon the approval of both parties.									
ORIGINAL EVALUATION COMMITTEE									
<table border="0"> <tr> <td>- Deanne Belshe: Director, Strategic Marketing & Planning</td> <td>- Debbie Rulo: Director Business Development/Partnerships, Continuing Education</td> </tr> <tr> <td>- Staci Malone: Coordinator Account Planning Continuing Education</td> <td>- Elisa Waldman: Interim Vice President Continuing Education Dean</td> </tr> <tr> <td>- Erica Miller: Program Director Continuing Education Operations</td> <td>- Mark Zolton: Manager Internet/Web Architect</td> </tr> </table>				- Deanne Belshe: Director, Strategic Marketing & Planning	- Debbie Rulo: Director Business Development/Partnerships, Continuing Education	- Staci Malone: Coordinator Account Planning Continuing Education	- Elisa Waldman: Interim Vice President Continuing Education Dean	- Erica Miller: Program Director Continuing Education Operations	- Mark Zolton: Manager Internet/Web Architect
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- Erica Miller: Program Director Continuing Education Operations	- Mark Zolton: Manager Internet/Web Architect								
COMMITTEE OF THE WHOLE RECOMMENDATION									
It is the recommendation of the Committee of the Whole that the Board of Trustees accept the recommendation of the college administration to approve the proposal from Image Makers for a Course Marketing Website for Continuing Education for a base year of \$45,500.00 and a total estimated expenditure of \$238,500.00 for the optional renewals through 2026.									