November 17, 2014

BOARD OF TRUSTEES EXECUTIVE SESSION
3:00 p.m.
Taylor Building – President’s Board Room

BOARD OF TRUSTEES MEETING
4:00 p.m.
Taylor Building – SUB 248

AGENDA

CERTIFIED ELECTION RESULTS: (A) Mike Mason

TRUSTEE OATH: (A) Mike Mason

BOARD REORGANIZATION: (A) Board Member

- Chairman
- Vice-Chairman
- Clerk
- Trustee
- Trustee
- Trustee Designated as CSI Foundation Representative
- Trustee Designated as Head Start Representative
- Secretary Treasurer

APPROVAL OF MEETING AGENDA: (A) Board Chairman

MINUTES – EXECUTIVE SESSION OF OCTOBER 20th, 2014: (A) Mike Mason

MINUTES – REGULAR MEETING OF OCTOBER 20th, 2014: (A) Mike Mason
TREASURER’S REPORT: (A) Mike Mason

OPEN FORUM: (I) Board Chairman

CASCADE FREIGHTLINER TRAINING UNIT BID: (A) Mike Mason

IDAHO STAR ENTERPRISE CONTENT MANAGEMENT SYSTEM BID: (A) Mike Mason

HEAD START/EARLY HEAD START REPORT: (A) Mike Mason

COLLEGE OF WESTERN IDAHO ACCREDITATION UPDATE: (I) President Bert Glandon

FY 2014 AUDIT REPORT: (A) Mike Mason & Raymond Ware, Ware & Associates CPA’s

INTERNAL CONTROL ASSESSMENT: (A) Mike Mason & Denise McClure

DECEMBER MEETING DATE CHANGE: (A) President Fox

PRESIDENT’S REPORT: (I) President Fox
THE COLLEGE OF SOUTHERN IDAHO
COMMUNITY COLLEGE DISTRICT
NOVEMBER REGULAR BOARD OF TRUSTEES MEETING
NOVEMBER 17, 2014

CALL TO ORDER: 4:00 p.m.  Presiding: Karl Kleinkopf

Attending: Trustees: Dr. Thad Scholes, Karl Kleinkopf, Bob Keegan, Laird Stone and Jan Mittleider

College Administration: Dr. Jeff Fox, President
Dr. Todd Schwarz, Executive Vice President and Chief Academic Officer
John M. Mason, Vice President of Administration
Robert Alexander, College Attorney
Dr. Mark Sugden, Instructional Dean
Dr. Cindy Bond, Instructional Dean
Terry Patterson, Instructional Dean
Dr. John Miller, Instructional Dean
Dr. Ken Campbell, Dean of Technology
Jeff Harmon, Dean of Finance
Scott Scholes, Dean of Students
Randy Dill, Physical Plant Director
Teri Fattig, Library Director and Museum Department Chair
Debra Wilson, Executive Director of the College of Southern Idaho Foundation
Doug Maughan, Public Relations Director
Kathy Deahl, Administrative Assistant to the President

CSI Employees: Kim Lapray, Jennifer Zimmers, Curtis Eaton, Michelle McFarlane and Dr. Evin Fox

Visitors: Sally Kleinkopf, Denise McClure, Dr. Bert Glandon and Carter Killinger

Faculty Representatives: Judy Hansen

PACE Representative: None

Times News: Julie Wootton and John Alexander

KMVT News: Rachel Holt
The agenda was amended to remove the fiscal year 2014 Audit Report. The amended agenda was approved on MOTION by Laird Stone. Affirmative vote was unanimous.

BOARD MINUTES: The Board minutes of the Executive Session and Special Session of October 20, 2014 were accepted as written by the Board.

TREASURER’S REPORT: The Treasurer’s report was accepted by the Board on MOTION by Bob Keegan. Affirmative vote was unanimous.

Open Forum: Carter Killinger spoke to the Board concerning the contract payout for former College of Southern Idaho men’s basketball coach Jeremy Cox.

Board Agenda Items:

1. The Board certified the November 4, 2014 election results on MOTION by Laird Stone. Affirmative vote was unanimous.
   As a result of the election, Bob Keegan and Karl Kleinkopf were elected to four year terms on the College of Southern Idaho Board of Trustees.

2. The Board was reorganized as follows:
   Bob Keegan nominated Karl Kleinkopf for Board Chairman. Affirmative vote was unanimous.
   Laird Stone nominated Bob Keegan for Vice Chairman. Affirmative vote was unanimous.
   Jan Mittleider nominated Laird Stone for Board Clerk. Affirmative vote was unanimous.
   Dr. Thad Scholes nominated Mike Mason for Secretary Treasurer of the Board. Affirmative vote was unanimous.
   Jan Mittleider was designated as the College of Southern Idaho Board of Trustee representative to the College of Southern Idaho Foundation.
   Bob Keegan was designated as the College of Southern Idaho Board of Trustee representative to Head Start/Early Head Start.
   Karl Kleinkopf was designated as the College of Southern Idaho Board of Trustee representative for athletics.
Laird Stone was designated as the College of Southern Idaho Board of Trustee representative for the student legal aid program.

3. The Board approved the purchase of a 2011 Cascadia Freightliner in the amount of $67,000 from Freightliner of Idaho of Jerome, Idaho on MOTION by Dr. Thad Scholes. Affirmative vote was unanimous.
   Funding for this purchase is from the Freightliner training account.

4. The Board approved the low bid of Fisher’s Technology of Boise, Idaho in the amount of $39,981 for the specified enterprise management content system on MOTION by Jan Mittleider. Affirmative vote was unanimous.
   Funding for this purchase is from the STAR motorcycle training program operating account.

5. The Board approved the Head Start/Early Head Start monthly fiscal and operational reports on MOTION by Jan Mittleider. Affirmative vote was unanimous.

6. Dr. Bert Glandon updated the Board on the College of Western Idaho accreditation process. He also spoke about current operations and challenges. The College of Western Idaho is anticipating being fully accredited in January of 2017.
   Dr. Glandon expressed his appreciation for the assistance the College of Southern Idaho has provided throughout this process.

7. Denise McClure, CPA/CFE, of Averti solutions presented her Internal Control Assessment for Cash Receipting and Payroll Process to the Board. Mike Mason addressed the issues raised in the report and the current status concerning recommended changes.

8. The Board moved the December Board meeting date to December 23, 2014 at 11:00 am for executive session and 12:00 pm for the regular session on MOTION by Dr. Thad Scholes. Affirmative vote was unanimous.
9. The President reported on his activities for the month.

ADJOURNMENT was declared at 5:18 p.m.

John M. Mason,
Secretary Treasurer

Approved: December 23, 2014

[Signature]
Chairman
November 14, 2014

To: President Fox and the College of Southern Idaho Board of Trustees

From: Mike Mason

Re: 2014 Trustee Election

Twin Falls County Clerk Kristina Glascock and Jerome County Clerk Michelle Emerson certified the following trustee election results for the College of Southern Idaho Community College District:

<table>
<thead>
<tr>
<th>Trustee Position 1</th>
<th>Karl Kleinkopf</th>
<th>Zsigmond Szanto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twin Falls County</td>
<td>12,480</td>
<td>4,120</td>
</tr>
<tr>
<td>Jerome County</td>
<td>3,173</td>
<td>720</td>
</tr>
<tr>
<td>Totals</td>
<td>15,653</td>
<td>4,840</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trustee Position 2</th>
<th>Bob Keegan</th>
<th>Sherry Olsen-Frank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twin Falls County</td>
<td>9,185</td>
<td>6,873</td>
</tr>
<tr>
<td>Jerome County</td>
<td>2,127</td>
<td>1,576</td>
</tr>
<tr>
<td>Totals</td>
<td>11,312</td>
<td>8,449</td>
</tr>
</tbody>
</table>

Upon certification of the above election results by the College of Southern Idaho Board of Trustees, Karl Kleinkopf and Bob Keegan will be elected to four year terms commencing November 17, 2014.
COLLEGE OF SOUTHERN IDAHO
COMMUNITY COLLEGE DISTRICT
TRUSTEE'S OATH OF OFFICE

I do solemnly swear that I will support the Constitution of the United States and the Constitution and laws of the State of Idaho; that I will faithfully discharge all of the duties for the Office of Trustee of the College of Southern Idaho according to the best of my ability, so help me God.

[Signature]
Trustee Signature

SUBSCRIBED AND SWORN to before me on this 17th day of November, 2014

[Signature]
Secretary/Treasurer
COLLEGE OF SOUTHERN IDAHO
COMMUNITY COLLEGE DISTRICT
TRUSTEE'S OATH OF OFFICE

I do solemnly swear that I will support the Constitution of the United States and the Constitution and laws of the State of Idaho; that I will faithfully discharge all of the duties for the Office of Trustee of the College of Southern Idaho according to the best of my ability, so help me God.

[Signature]

Trustee Signature

SUBSCRIBED AND SWORN to before me on this 17th day of November, 2014

[Signature]

Secretary/Treasurer
November 10, 2014

To: President Fox and the College of Southern Idaho Board of Trustees

From: Mike Mason

Re: Board Reorganization

In accordance with Idaho Code 33-2106, the Board must reorganize after every election. College of Southern Idaho Board Polices require that Board members be appointed to offices each year. In November of 2013, the Board was organized as follows:

Dr. Thad Scholes - Chairman
Karl Kleinkopf - Vice Chairman
Bob Keegan - Clerk
Laird Stone- Trustee
Jan Mittleider - Trustee
John M. Mason - Secretary/Treasurer

Jan Mittleider was appointed as the Trustee representative on the College of Southern Idaho Foundation Board and Bob Keegan was appointed as the Trustee Representative for the College of Southern Idaho Head Start/Early Head Start program.

If you have questions or need further information, do not hesitate in contacting me at 732-6203.
# General Fund YTD Board

Statement of Revenue and Expenses

**Wednesday, November 12, 2014**

<table>
<thead>
<tr>
<th></th>
<th>Last Year</th>
<th>This Year</th>
<th>Budget</th>
<th>Remaining Budget</th>
<th>Rem Bud%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>$(5,214,443.16)</td>
<td>$(5,021,983.89)</td>
<td>$(10,813,300.00)</td>
<td>$(5,791,316.11)</td>
<td>53.56%</td>
</tr>
<tr>
<td>County Tuition</td>
<td>$(63,150.00)</td>
<td>$(555,250.00)</td>
<td>$(1,380,000.00)</td>
<td>$(824,750.00)</td>
<td>59.76%</td>
</tr>
<tr>
<td>State Funds</td>
<td>$(13,835,034.26)</td>
<td>$(14,326,641.27)</td>
<td>$(18,612,500.00)</td>
<td>$(4,305,858.73)</td>
<td>23.13%</td>
</tr>
<tr>
<td>County Property Tax</td>
<td>$(166,873.83)</td>
<td>$(161,583.71)</td>
<td>$(5,348,200.00)</td>
<td>$(6,186,616.29)</td>
<td>97.45%</td>
</tr>
<tr>
<td>Grant Management Fees</td>
<td>$(99,874.35)</td>
<td>$(179,123.30)</td>
<td>$(500,000.00)</td>
<td>$(320,876.70)</td>
<td>64.18%</td>
</tr>
<tr>
<td>Other</td>
<td>$(263,711.38)</td>
<td>$(194,419.49)</td>
<td>$(432,600.00)</td>
<td>$(238,180.51)</td>
<td>55.06%</td>
</tr>
<tr>
<td>Unallocated Tuition</td>
<td>$(661,050.74)</td>
<td>$(851,838.72)</td>
<td>$0.00</td>
<td>$(851,838.72)</td>
<td>0.00%</td>
</tr>
<tr>
<td>Departmental Revenues</td>
<td>$(389,309.60)</td>
<td>$(379,580.67)</td>
<td>$(728,400.00)</td>
<td>$(348,819.33)</td>
<td>47.89%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$(20,740,447.32)</td>
<td>$(21,650,421.05)</td>
<td>$(38,815,000.00)</td>
<td>$(17,164,578.95)</td>
<td>44.22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenditures</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$6,835,347.38</td>
<td>$6,437,943.60</td>
<td>$21,188,800.00</td>
<td>$14,750,856.40</td>
<td>69.62%</td>
</tr>
<tr>
<td>Variable Fringe</td>
<td>$1,405,879.22</td>
<td>$1,326,688.65</td>
<td>$4,345,900.00</td>
<td>$3,019,211.35</td>
<td>69.47%</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>$1,181,767.23</td>
<td>$1,128,838.51</td>
<td>$3,579,600.00</td>
<td>$2,450,761.49</td>
<td>68.46%</td>
</tr>
<tr>
<td><strong>Total Personnel</strong></td>
<td>$9,422,993.83</td>
<td>$8,893,470.76</td>
<td>$29,114,300.00</td>
<td>$20,220,829.24</td>
<td>69.45%</td>
</tr>
<tr>
<td><strong>Expense Catagories</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>$806,262.27</td>
<td>$821,087.96</td>
<td>$2,445,200.00</td>
<td>$1,624,112.04</td>
<td>66.42%</td>
</tr>
<tr>
<td>Supplies</td>
<td>$298,069.31</td>
<td>$291,500.08</td>
<td>$1,000,100.00</td>
<td>$708,599.92</td>
<td>70.85%</td>
</tr>
<tr>
<td>Other</td>
<td>$230,771.59</td>
<td>$199,376.22</td>
<td>$561,400.00</td>
<td>$362,023.78</td>
<td>64.49%</td>
</tr>
<tr>
<td>Capital</td>
<td>$146,587.74</td>
<td>$138,168.71</td>
<td>$802,400.00</td>
<td>$664,231.09</td>
<td>82.76%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>$2,222,643.71</td>
<td>$3,768,643.56</td>
<td>$4,891,600.00</td>
<td>$1,122,956.44</td>
<td>22.96%</td>
</tr>
<tr>
<td>Transfers</td>
<td>$30,000.00</td>
<td>$13,395.50</td>
<td>$0.00</td>
<td>$(13,395.50)</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total Expense Catagories</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,734,334.62</td>
<td>$5,232,172.23</td>
<td>$9,700,700.00</td>
<td>$4,458,527.77</td>
<td>$46.06%</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$13,157,328.45</td>
<td>$14,125,642.99</td>
<td>$38,815,000.00</td>
<td>$24,689,357.01</td>
<td>63.61%</td>
</tr>
<tr>
<td><strong>Rev/Expense Total</strong></td>
<td>($7,583,118.87)</td>
<td>($7,524,778.06)</td>
<td>$0.00</td>
<td>$7,524,778.06</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
November 17, 2014

To: President Fox and the College of Southern Idaho Board of Trustees

From: Jeffrey M. Harmon

Re: Cascadia Freightliner Training Unit

We properly advertised and requested bids to purchase a used Cascadia Freightliner to be used as a training unit in our Freightliner Training and Professional Technical Education Diesel programs.

We received one bid for a 2011 Cascadia Freightliner from Freightliner of Idaho in the amount of $67,000.

Based on the review of the bid specifications by Levi Perkins and David Wyett, I recommend we purchase the training unit for $67,000 from Freightliner of Idaho of Jerome, Idaho.

Funding for this 2011 Cascadia Freightliner Training Unit will come from the Freightliner training account.
November 17, 2014

To: President Fox and the College of Southern Idaho Board of Trustees

From: Jeffrey M. Harmon

Re: Enterprise Content Management System

We properly advertised and requested bids to purchase an Enterprise Content Management System for the STAR Motorcycle Safety Program.

We received two bids for the software system.

- Fisher's Technology - Boise, Idaho for $39,981 plus $3,240 each year for maintenance
- FutureNet Group - Michigan for $50,568 plus $7,983 each year for maintenance

Based on the review of the bid specifications by Stacey ‘Ax’ Axmaker, I recommend we purchase the Enterprise Content Management System from Fisher’s Technology of Boise, Idaho in the amount of $39,981.

Funding for this Enterprise Content Management System will come from the operating account of the STAR motorcycle Safety Program.
COLLEGE OF SOUTHERN IDAHO
HEAD START/EARLY HEAD START

Governing Board, Policy Council, and Advisory Boards

Governance in Head Start is a partnership between the Grantee/Delegate Agency Governing Board, Policy Council, and Management Staff. Each of these groups has a unique and complimentary role to play in effective decision making for the College of Southern Idaho Head Start/Early Head Start program.

Governing Board
The Governing Board has the responsibility for stewardship and monitors the overall organization and operation of CSI Head Start/Early Head Start. The Governing Board has legal, fiscal and fiduciary responsibility for administering and overseeing the program, including the safeguarding of Federal funds. The governing board ensures active, independent, informed governance and as recommended by the Office of Head Start fully participates in the planning and evaluation of the Head Start Program.

Policy Council
The Policy Council is responsible for the direction of the program including reviewing program design and operation and long and short term goals and objectives. Policy Council is comprised of parent representatives and a community representative elected from each of the eleven Head Start centers and the three Early Head Start sites. Policy Council members provide valuable feedback on recruitment, personnel policies, hiring, budget, and all services provided to children and families. Policy Council also serves as the function in fostering parent leadership and empowerment. This sense of confidence is intended to allow parents to continue to take a leading role in their child's education and care well after Head Start.

Parent Committee
Each Center has a Parent Committee with elected officers. These officers conduct monthly parent meetings. At these meetings, training is provided on various child development and self-sufficiency topics. Parents also plan parent/child activities held at the center. Parent Committees also provide input and feedback for Policy Council members to better represent their centers.

Advisory Boards
Health—Health Advisory helps plan and evaluate the health services provided by the program. The committee is comprised of Head Start/Early Head Start parents and staff from each center as well as local health professionals.

Education—Education Advisory provides guidance on the educational needs and policies within the program. This committee includes representatives from early childhood institutions, public schools, and Head Start/Early Head Start parents.

Family Services—Family Services Advisory is actively involved in planning and reviewing services to families. Head Start/Early Head Start parents and various professionals from the community serve on this committee.

Idaho Head Start Association (IHSA)
This is a state-wide membership organization that serves Idaho's 13 Head Start and Early Head Start programs through networking, information gathering and distribution, advocacy and the raising of public awareness and understanding. Membership meetings allow Head Start/Early Head Start directors, staff and parents to come together to share ideas and perspectives and contribute to Head Start and IHSA on a local, state and national level.
College of Southern Idaho Head Start/ Early Head Start
Monthly Program Summary
For October 2014

Enrollment
Head Start ACF Federal Funded 560
Head Start TANF 27
Early Head Start 82
Total

Program Options

Participation
Head Start Attendance 86%
Head Start Self-Transport Attendance 80%
EHS Toddler Combo Attendance 73%

Meals and Snacks
Total meals served for October 7,183
Total snacks served for October 5,578

Education
Staff have completed 45 day screenings. Screenings included developmental, speech/language, social/emotional, vision, and hearing. These are important to help provide healthy children as they work towards their goals for school readiness. The baseline for the ongoing child assessment was completed Oct. 31st. The ongoing child assessment is the Child Observation Record Advantage. This is a tool that covers birth through age 5. It has 9 categories with a total of 36 items.

Early Head Start
Early Head Start will be getting training on Nov. 17 around socializations/play groups. The training will be provided by consultant Mary Foltz. The performance standards require that two socializations are offered each month for a total of 24 during the program year. Socializations provide a connection from the home visits to the child's goals in a play setting with other children. Staff work on coaching parents as they work on goals for their child.

Documents for Board Review/ Approval:
Financial Reports
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TOTAL APPROVED</th>
<th>TOTAL THIS MONTH</th>
<th>CASH OUTLAY TO DATE</th>
<th>BALANCE</th>
<th>BALANCE OF BUDGET</th>
<th>PROJ %</th>
<th>ACTUAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALARIES</td>
<td>$2,571,494.00</td>
<td>$205,557.14</td>
<td>$2,015,359.78</td>
<td>$556,134.22</td>
<td>$556,134.22</td>
<td>83.0%</td>
<td>78.4%</td>
</tr>
<tr>
<td>BENEFITS</td>
<td>$1,352,997.00</td>
<td>$105,230.05</td>
<td>$1,070,673.44</td>
<td>$282,323.56</td>
<td>$282,323.56</td>
<td>83.0%</td>
<td>79.1%</td>
</tr>
<tr>
<td>OUT OF AREA TRAVEL</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EQUIPMENT</td>
<td>$23,500.00</td>
<td>$13,210.07</td>
<td>$22,642.67</td>
<td>$857.33</td>
<td>$857.33</td>
<td>83.0%</td>
<td>96.4%</td>
</tr>
<tr>
<td>SUPPLIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OFFICE CONSUMABLES</td>
<td>$16,741.00</td>
<td>$6,806.20</td>
<td>$15,825.17</td>
<td>$915.83</td>
<td>$915.83</td>
<td>83.0%</td>
<td>94.5%</td>
</tr>
<tr>
<td>CLASSROOM SUPPLIES</td>
<td>$17,500.00</td>
<td>$3,000.01</td>
<td>$16,247.61</td>
<td>$1,252.39</td>
<td>$1,252.39</td>
<td>83.0%</td>
<td>92.8%</td>
</tr>
<tr>
<td>CENTER SUPPLIES</td>
<td>$35,220.00</td>
<td>$8,023.76</td>
<td>$33,725.94</td>
<td>$1,494.06</td>
<td>$1,494.06</td>
<td>83.0%</td>
<td>95.8%</td>
</tr>
<tr>
<td>TRAINING SUPPLIES</td>
<td>$12,895.00</td>
<td>$716.84</td>
<td>$12,181.53</td>
<td>$713.47</td>
<td>$713.47</td>
<td>83.0%</td>
<td>94.5%</td>
</tr>
<tr>
<td>FOOD</td>
<td>$3,000.00</td>
<td>$129.46</td>
<td>$2,411.27</td>
<td>$588.73</td>
<td>$588.73</td>
<td>83.0%</td>
<td>80.4%</td>
</tr>
<tr>
<td>OTHER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTRACTS</td>
<td>$13,395.00</td>
<td>$2,556.00</td>
<td>$7,696.99</td>
<td>$5,698.01</td>
<td>$5,698.01</td>
<td>83.0%</td>
<td>57.5%</td>
</tr>
<tr>
<td>MEDICAL</td>
<td>$6,300.00</td>
<td>$387.66</td>
<td>$4,137.92</td>
<td>$2,162.08</td>
<td>$2,162.08</td>
<td>83.0%</td>
<td>65.7%</td>
</tr>
<tr>
<td>DENTAL</td>
<td>$9,500.00</td>
<td>$1,134.67</td>
<td>$9,407.56</td>
<td>$92.44</td>
<td>$92.44</td>
<td>83.0%</td>
<td>99.0%</td>
</tr>
<tr>
<td>CHILD TRAVEL</td>
<td>$106,983.00</td>
<td>$13,457.57</td>
<td>$92,006.18</td>
<td>$14,976.82</td>
<td>$14,976.82</td>
<td>83.0%</td>
<td>86.0%</td>
</tr>
<tr>
<td>EMPLOYEE TRAVEL</td>
<td>$31,000.00</td>
<td>$2,887.64</td>
<td>$27,190.79</td>
<td>$3,809.21</td>
<td>$3,809.21</td>
<td>83.0%</td>
<td>87.7%</td>
</tr>
<tr>
<td>CAREER DEVELOP</td>
<td>$3,000.00</td>
<td>$</td>
<td>$1,181.94</td>
<td>$1,818.06</td>
<td>$1,818.06</td>
<td>83.0%</td>
<td>39.4%</td>
</tr>
<tr>
<td>PARENT TRAINING</td>
<td>$18,480.00</td>
<td>$1,104.60</td>
<td>$10,244.94</td>
<td>$8,235.06</td>
<td>$8,235.06</td>
<td>83.0%</td>
<td>55.4%</td>
</tr>
<tr>
<td>SPACE</td>
<td>$56,790.00</td>
<td>$2,195.01</td>
<td>$45,464.90</td>
<td>$11,325.10</td>
<td>$11,325.10</td>
<td>83.0%</td>
<td>80.1%</td>
</tr>
<tr>
<td>DEPRECIATION</td>
<td>$30,600.00</td>
<td>$2,448.00</td>
<td>$24,509.90</td>
<td>$6,090.10</td>
<td>$6,090.10</td>
<td>83.0%</td>
<td>80.1%</td>
</tr>
<tr>
<td>UTILITIES</td>
<td>$61,460.00</td>
<td>$4,893.84</td>
<td>$49,621.60</td>
<td>$11,838.40</td>
<td>$11,838.40</td>
<td>83.0%</td>
<td>80.7%</td>
</tr>
<tr>
<td>TELEPHONE</td>
<td>$38,475.00</td>
<td>$3,512.17</td>
<td>$34,302.14</td>
<td>$4,172.86</td>
<td>$4,172.86</td>
<td>83.0%</td>
<td>89.2%</td>
</tr>
<tr>
<td>OTHER</td>
<td>$43,681.00</td>
<td>$2,673.09</td>
<td>$42,960.58</td>
<td>$720.42</td>
<td>$720.42</td>
<td>83.0%</td>
<td>98.4%</td>
</tr>
<tr>
<td>TOTAL DIRECT COSTS</td>
<td>$4,453,011.00</td>
<td>$379,923.78</td>
<td>$3,537,792.85</td>
<td>$915,218.15</td>
<td>$915,218.15</td>
<td>87.4%</td>
<td>79.4%</td>
</tr>
<tr>
<td>ADMIN COSTS</td>
<td>$321,919.00</td>
<td>$25,575.47</td>
<td>$253,451.12</td>
<td>$68,467.88</td>
<td>$68,467.88</td>
<td>83.0%</td>
<td>78.7%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$4,774,930.00</td>
<td>$405,499.25</td>
<td>$3,791,243.97</td>
<td>$983,686.03</td>
<td>$983,686.03</td>
<td>83.0%</td>
<td>79.4%</td>
</tr>
<tr>
<td>IN KIND NEEDED</td>
<td>$1,193,733.00</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN KIND GENERATED</td>
<td>$771,451.16</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN KIND (SHORT)/LONG</td>
<td>($422,281.84)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Reflects 2014 COLA and Restored Sequestration Funding**

PROCUREMENT CARD EXPENSE $8,073.52 2% of Total Expense. Detailed report of PCARD charges available upon request.

<table>
<thead>
<tr>
<th>USDA</th>
<th>Food</th>
<th>Non-Food</th>
<th>Repair/Maint</th>
<th>Total for Month</th>
<th>Revenue Received</th>
<th>YTD Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19,765.27</td>
<td>3,479.00</td>
<td>346.07</td>
<td>23,590.34</td>
<td>(78,980.56)</td>
<td>119,008.15</td>
</tr>
<tr>
<td>CATEGORY</td>
<td>TOTAL APPROVED</td>
<td>TOTAL THIS MONTH</td>
<td>CASH OUTLAY TO DATE</td>
<td>BALANCE</td>
<td>PROJECTED %</td>
<td>ACTUAL %</td>
</tr>
<tr>
<td>---------------------------</td>
<td>----------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>---------</td>
<td>-------------</td>
<td>----------</td>
</tr>
<tr>
<td>SALARIES</td>
<td>$ 5,495.00</td>
<td>$ -</td>
<td>$ 5,445.43</td>
<td>$ 49.57</td>
<td>83.0%</td>
<td>99.1%</td>
</tr>
<tr>
<td>FRINGE</td>
<td>$ 2,100.00</td>
<td>$ -</td>
<td>$ 2,042.28</td>
<td>$ 57.72</td>
<td>83.0%</td>
<td>97.3%</td>
</tr>
<tr>
<td>OUT OF AREA TRAVEL</td>
<td>$ 17,653.00</td>
<td>$ 73.92</td>
<td>$ 17,445.49</td>
<td>$ 207.51</td>
<td>83.0%</td>
<td>98.8%</td>
</tr>
<tr>
<td>SUPPLIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Supplies</td>
<td>$ 5,491.00</td>
<td>$ 2,592.00</td>
<td>$ 5,269.07</td>
<td>$ 221.93</td>
<td>83.0%</td>
<td>96.0%</td>
</tr>
<tr>
<td>OTHER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts</td>
<td>$ -</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career Development</td>
<td>$ 22,721.00</td>
<td>$ 3,007.82</td>
<td>$ 22,275.53</td>
<td>$ 445.47</td>
<td>83.0%</td>
<td>98.0%</td>
</tr>
<tr>
<td>TOTAL DIRECT COSTS</td>
<td>$ 53,460.00</td>
<td>$ 5,673.74</td>
<td>$ 52,477.80</td>
<td>$ 982.20</td>
<td>83.0%</td>
<td>98.2%</td>
</tr>
<tr>
<td>TOTAL INDIRECT COSTS</td>
<td>$ 701.00</td>
<td></td>
<td>$ 621.30</td>
<td>$ 79.70</td>
<td>83.0%</td>
<td>88.6%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$ 54,161.00</td>
<td>$ 5,673.74</td>
<td>$ 53,099.10</td>
<td>$ 1,061.90</td>
<td>83.0%</td>
<td>98.0%</td>
</tr>
</tbody>
</table>

IN KIND NEEDED $ 13,540.25
IN KIND GENERATED $ 21,503.00
IN KIND (SHORT)/LONG $ 7,962.75
<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TOTAL APPROVED</th>
<th>TOTAL THIS MONTH</th>
<th>CASH OUTLAY TO DATE</th>
<th>BALANCE</th>
<th>BALANCE OF BUDGET</th>
<th>PROJ %</th>
<th>ACTUAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALARIES</td>
<td>$536,230.00</td>
<td>$42,140.31</td>
<td>$427,730.06</td>
<td>$108,499.94</td>
<td>$108,499.94</td>
<td>83.0%</td>
<td>79.8%</td>
</tr>
<tr>
<td>BENEFITS</td>
<td>$268,774.00</td>
<td>$20,642.05</td>
<td>$214,443.94</td>
<td>$54,330.06</td>
<td>$54,330.06</td>
<td>83.0%</td>
<td>79.8%</td>
</tr>
<tr>
<td>OUT OF AREA TRAVEL</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EQUIPMENT</td>
<td>$2,000.00</td>
<td>$1,834.43</td>
<td>$1,834.43</td>
<td>$165.57</td>
<td>$165.57</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>SUPPLIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OFFICE CONSUMABLES</td>
<td>$4,005.00</td>
<td>$923.27</td>
<td>$3,585.46</td>
<td>$419.54</td>
<td>$419.54</td>
<td>83.0%</td>
<td>89.5%</td>
</tr>
<tr>
<td>CENTER SUPPLIES</td>
<td>$18,265.00</td>
<td>$1,438.61</td>
<td>$4,978.45</td>
<td>$13,286.55</td>
<td>$13,286.55</td>
<td>83.0%</td>
<td>27.3%</td>
</tr>
<tr>
<td>CLASSROOM SUPPLIES</td>
<td>$13,047.00</td>
<td>$910.28</td>
<td>$2,777.67</td>
<td>$10,269.33</td>
<td>$10,269.33</td>
<td>83.0%</td>
<td>21.3%</td>
</tr>
<tr>
<td>TRAINING SUPPLIES</td>
<td>$3,225.00</td>
<td>$229.75</td>
<td>$2,523.83</td>
<td>$701.17</td>
<td>$701.17</td>
<td>83.0%</td>
<td>78.3%</td>
</tr>
<tr>
<td>FOOD</td>
<td>$2,400.00</td>
<td>$-</td>
<td>$220.44</td>
<td>$2,179.56</td>
<td>$2,179.56</td>
<td>83.0%</td>
<td>9.2%</td>
</tr>
<tr>
<td>CONTRACTUAL OTHER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTRACTS</td>
<td>$56,940.00</td>
<td>$5,600.61</td>
<td>$30,273.05</td>
<td>$26,666.95</td>
<td>$26,666.95</td>
<td>83.0%</td>
<td>53.2%</td>
</tr>
<tr>
<td>MEDICAL</td>
<td>$7,500.00</td>
<td>$494.23</td>
<td>$528.85</td>
<td>$6,971.15</td>
<td>$6,971.15</td>
<td>83.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>DENTAL</td>
<td>$5,000.00</td>
<td>$-</td>
<td>$805.69</td>
<td>$4,194.31</td>
<td>$4,194.31</td>
<td>83.0%</td>
<td>16.1%</td>
</tr>
<tr>
<td>CHILD TRAVEL</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>EMPLOYEE TRAVEL</td>
<td>$5,000.00</td>
<td>$563.70</td>
<td>$4,031.67</td>
<td>$968.33</td>
<td>$968.33</td>
<td>83.0%</td>
<td>80.6%</td>
</tr>
<tr>
<td>CAREER DEVELOP</td>
<td>$2,773.00</td>
<td>$337.10</td>
<td>$467.10</td>
<td>$2,305.90</td>
<td>$2,305.90</td>
<td>83.0%</td>
<td>16.8%</td>
</tr>
<tr>
<td>PARENT TRAINING</td>
<td>$10,255.00</td>
<td>$1,560.59</td>
<td>$9,150.89</td>
<td>$1,104.11</td>
<td>$1,104.11</td>
<td>83.0%</td>
<td>89.2%</td>
</tr>
<tr>
<td>FACILITIES/CONST.</td>
<td>$17,500.00</td>
<td>$728.46</td>
<td>$5,261.20</td>
<td>$12,238.80</td>
<td>$12,238.80</td>
<td>83.0%</td>
<td>30.1%</td>
</tr>
<tr>
<td>DEPRECIATION</td>
<td>$20,400.00</td>
<td>$1,700.00</td>
<td>$15,300.00</td>
<td>$5,100.00</td>
<td>$5,100.00</td>
<td>83.0%</td>
<td>75.0%</td>
</tr>
<tr>
<td>UTILITIES</td>
<td>$7,400.00</td>
<td>$557.39</td>
<td>$6,367.59</td>
<td>$1,032.41</td>
<td>$1,032.41</td>
<td>83.0%</td>
<td>86.0%</td>
</tr>
<tr>
<td>TELEPHONE</td>
<td>$5,200.00</td>
<td>$458.55</td>
<td>$4,324.80</td>
<td>$875.20</td>
<td>$875.20</td>
<td>83.0%</td>
<td>83.2%</td>
</tr>
<tr>
<td>OTHER</td>
<td>$5,620.00</td>
<td>$379.70</td>
<td>$4,839.84</td>
<td>$780.16</td>
<td>$780.16</td>
<td>83.0%</td>
<td>86.1%</td>
</tr>
<tr>
<td>TOTAL DIRECT COSTS</td>
<td>$991,534.00</td>
<td>$80,054.22</td>
<td>$739,444.96</td>
<td>$252,089.04</td>
<td>$252,089.04</td>
<td>83.0%</td>
<td>74.6%</td>
</tr>
<tr>
<td>ADMIN COSTS</td>
<td>$68,374.00</td>
<td>$5,165.73</td>
<td>$53,051.44</td>
<td>$15,322.56</td>
<td>$15,322.56</td>
<td>83.0%</td>
<td>77.6%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$1,059,908.00</td>
<td>$85,219.95</td>
<td>$792,496.40</td>
<td>$267,411.60</td>
<td>$267,411.60</td>
<td>83.0%</td>
<td>74.8%</td>
</tr>
<tr>
<td>IN KIND NEEDED</td>
<td>$264,977.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN KIND GENERATED</td>
<td>$454,806.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IN KIND (SHORT)/LONG</td>
<td>$189,829.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Reflects 2014 COLA and Restored Sequestration Funding**

<table>
<thead>
<tr>
<th>USDA</th>
<th>Food</th>
<th>Non-Food</th>
<th>Repair/Maint</th>
<th>Total for Month</th>
<th>Revenue Received</th>
<th>YTD Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total All Centers</td>
<td>745.62</td>
<td>89.61</td>
<td>4.80</td>
<td>840.03</td>
<td>(4,585.13)</td>
<td>4,570.58</td>
</tr>
<tr>
<td>CATEGORY</td>
<td>TOTAL APPROVED</td>
<td>TOTAL THIS MONTH</td>
<td>CASH OUTLAY TO DATE</td>
<td>BALANCE</td>
<td>PROJECTED %</td>
<td>ACTUAL %</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>---------</td>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td>OUT OF AREA TRAVEL</td>
<td>$12,355.00</td>
<td>$ -</td>
<td>$11,321.31</td>
<td>$1,033.69</td>
<td>83.0%</td>
<td>91.6%</td>
</tr>
<tr>
<td>SUPPLIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Supplies</td>
<td>$1,084.00</td>
<td>$50.75</td>
<td>$540.49</td>
<td>$543.51</td>
<td>83.0%</td>
<td>49.9%</td>
</tr>
<tr>
<td>OTHER</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts</td>
<td>$4,000.00</td>
<td>$ -</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career Development</td>
<td>$8,719.00</td>
<td>$315.85</td>
<td>$6,316.95</td>
<td>$2,402.05</td>
<td>83.0%</td>
<td>72.5%</td>
</tr>
<tr>
<td>TOTAL DIRECT COSTS</td>
<td>$26,158.00</td>
<td>$366.60</td>
<td>$18,178.75</td>
<td>$7,979.25</td>
<td>83.0%</td>
<td>69.5%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$26,158.00</td>
<td>$366.60</td>
<td>$18,178.75</td>
<td>$7,979.25</td>
<td>83.0%</td>
<td>69.5%</td>
</tr>
</tbody>
</table>

IN KIND NEEDED          | $6,539.50      |
IN KIND GENERATED        | $6,252.00      |
IN KIND (SHORT)/LONG    | $(287.50)      |
November 12, 2014

To: President Fox and the College of Southern Idaho Board of Trustees

From: Mike Mason

Re: Internal Control Assessment

Denise McClure, CPA/CFE, of Averti Solutions conducted an internal control assessment of the receipting and payroll processes for the College of Southern Idaho. The assessment process involved reviewing policies and interviewing each business office and payroll office staff member individually to independently validate procedures and practices. It was a very positive experience and we will be a better operation as a result of Ms. McClure’s work.

The Averti Solutions full report is attached. In the report, there are ten risks identified and recommendations to mitigate each of those risks. The current status of each of those risks it listed below:

Risk 1 – Significant cash payments are received for CSI apartment rentals.

As per the recommendation, we are in the process of purchasing a new software system for our apartment operations. This software and recommended verifications of occupancy, turnover rates and income received will be overseen by a business office CPA.

We are also going to equip the apartment manager with a mobile credit card machine that can be used at both North View and Eagle View apartments to see if we can reduce cash payments. We believe that at least some students are using their Higher One debit cards to get cash to pay rent because they do not have checking accounts.

Risk 2 – The vault room is left unlocked during Business Office hours and some unauthorized employees had key access the vault room.

The vault room is under constant surveillance by an authorized business office staff person at all times that the safe is unlocked. The safe is accessed by business office staff to make change for the Matrix, provide cash boxes for campus events and cash refugee checks. I feel adequate security exists concerning access to the vault room and safe.

We have adopted the recommendations concerning making sure the key to the night deposit is kept in the safe and will change the safe combination on an annual basis or when there is a turnover in staff.
Risk 3 – Cash on hand in the safe is not routinely reconciled by individuals independent of the cash receipting process and who do not have key access to the vault room or the combination to the safe.

We have established the recommendations listed by utilizing our accounts payable technician as the independent person reconciling the safe. The Accounts Payable Technician works with the Dean of Finance in this process.

Risk 4 – Subsidiary systems are not routinely reconciled, duties are not properly segregated and there are limited compensating controls or oversight.

We have established an Accounts Receivable Manager position that does not receipt. While we still utilize a subsidiary system, the data from that system is routinely moved to our main Jenzabar system and reconciled. The Dean of Finance oversees the operations ensures amounts billed are received.

The new Fast Forward dual credit program requires a significant amount of work with spreadsheets and the transferring of data into our Jenzabar system. The subsidiary county billing program continues to be necessary due to the requirements set forth in Idaho Code. We are continuing work on both of these programs to insure audit trails are clear.

Risk 5 – Duties for third party billings are not properly segregated and there are limited compensating controls for the processing of third party receipts.

The recommendations have been implemented with the exception of the security restrictions. We will be contracting with our software provider to assist us in a comprehensive evaluation of available security options for each staff position.

Risk 6 – Checks received through the Information Office are sometimes routed to other departments before being logged or endorsed.

We will reinforce the existing policy of all checks coming directly to the Business Office. With the exception of a detail control log maintained by separate staff members, the recommendations concerning check processing are in place in the Business Office. All checks are listed in the general ledger as deposited and most are the result of students paying tuition and dorm bills. The remainder are generally third party billing checks, rentals or grant reimbursements. The loss of any of these will result in secondary billings and follow up. The major exposure to undetected loss would be checks from special campus events.

We will continue to analyze the need and cost/benefit for this specific process for all checks.

Risk 7 – Credit card refunds can be processed on credit card terminals.

All refunds are processed in the Business Office with the Administrative Assistant to the Vice President of Administration authorizing the refunds. The Student Services Specialist 2 assists in this process. Almost all student refunds are processed through the Higher One debit card system electronically.
We have removed the credit card terminal from the General Ledger Accountant’s office and shifted the delinquent account payment process to the Business Office.

Risk 8 – Payroll processing is performed by two people in the Human Resources office who control the entire process.

We are working with the Human Resource Office concerning checks and balances for payroll processing. Electronic time keeping systems have been reviewed several times over the years and been found to be lacking. We have a wide range of employees paid in just about every way possible scattered all over Idaho. These range from motorcycle instructors to work studies. These systems require a system of on-going training of both supervisors and employees. Electronic time keeping systems keep improving and we will look at the latest versions our software system offers.

This recommendation has not been implemented yet.

Risk 9 – The Business Office policy for reporting fraud is very general; it does not clearly define unethical conduct or specific reporting mechanisms.

The following is the existing policy which is listed under Business Office Policies – 8.02 Code of Conduct in the College of Southern Idaho Policies and Procedures Manual:

The College of Southern Idaho requires all employees to act in accordance with all state, federal and local laws and regulations. Employees are expected to be of high moral character and utilize judgment to avoid even the appearance of impropriety.

All instances of suspected fraud, error or omission will be properly investigated and documented. All violations of policy will be brought to the immediate attention of the Vice President of Administration or Dean of Finance. Instances of fraud or abuse will be brought to the immediate attention of the Vice President of Administration, Executive Vice President, Dean of Finance or the President. External independent auditors may be brought in to investigate any issue at the discretion of the President or the Board of Trustees.

Background checks are required for all new employees. We will consider the implementation of the remaining recommendations in cooperation with the Human Resources department, college administration and the Board.

Risk 10 – User security rights for Business Office employees have not been reviewed recently.

The system security rights are complicated and it has been difficult to match up required rights with duties in the past. We will contract with Jenzabar for some training and direct assistance in this area.

Summary

As a result of the internal control assessment recommendations, job descriptions for the Administrative Assistant to the Vice President of Administration, Accounts Receivable Manager, Student Service Specialist 2, General Ledger Accountant, Grants Accountant and Accounts Payable Technician have been re-written to provide for the recommended separation of duties.
Additionally, a part time Controller position and job description has been created to specifically address internal controls and the verification of processes along with fiscal oversight of several key areas.

We still have work to do in the software security area and in instituting payroll processing checks and balances. These areas will be further investigated over the next several months.

The actions taken to date have significantly strengthened internal controls. We are closer to the objective of minimizing the risk of loss while still trying to operate as efficiently as possible.
October 17, 2014

Sent via e-mail to kirt@naylorhales.com
Kirtlan Naylor, Esq.
Naylor & Hales, PC
950 West Bannock, Suite 610
Boise, ID 83702

RE: Internal Control Assessment for College of Southern Idaho

Dear Mr. Naylor:

Enclosed is my report of the Internal Control Assessment for Cash Receipting and Payroll Process for the College of Southern Idaho.

I appreciate the opportunity to be of service to your client. Please contact me if you have any questions or need additional information.

Regards,

[Signature]

Denise C. McClure, CPA, CFE
President

Enclosure
Background

Attorneys for the College of Southern Idaho ("CSI") engaged Denise McClure of Averti Solutions, LLC to perform an internal control risk assessment for cash receipting and payroll processing. The purpose of this engagement was to identify gaps in CSI's system of internal control and recommend ways to improve the checks and balances in CSI's financial processes involving cash receipting and payroll.

Because this engagement was limited in scope, my knowledge of the daily operations of CSI is limited. Thus, there is a risk that material errors, irregularities, or illegal acts, including fraud or defalcation, may exist but I did not detect them.

Internal control consists of systematic measures that are designed to ensure that an organization:
- Achieves its objectives and fulfills its mission
- Safeguards its assets and resources
- Deters and detects honest errors and dishonest acts
- Ensures accuracy and completeness of accounting data
- Ensures reliable and timely financial and management information
- Ensures adherence to policies, procedures and processes

Ultimately, it is the responsibility of the Board of Trustees and Administration to assess the adequacy of CSI's risk management system, and to develop systems for mitigating such risks. Accordingly, CSI Trustees and Administration are responsible for any and all decisions regarding implementation of the recommendations in this report, as well as monitoring compliance with any changes that are implemented.

Elements of Internal Control Systems

There are three key elements to an organization's system of internal control:

1. The Control Environment – Also known as “tone at the top”, the control environment sets the stage for the effectiveness of all internal control processes. The control environment refers to an organization’s culture and values. A culture of ethics and integrity starts with leadership and filters through an organization, permeating its operating philosophy and its commitment to organizational competence. It has a pervasive influence on all aspects of an organization's processes and an organization’s ultimate success in achieving its goals.

2. Segregation of Duties – This involves separating functions so no individual controls a transaction or process from beginning to end. When possible, the following responsibilities should reside with different people: custody of assets, recordkeeping, authorization, reconciliation. Segregation of duties serves as an internal check and balance to safeguard assets and to assure that honest errors and dishonest acts are likely to be identified in the normal course of operations.
3. Oversight — Oversight and monitoring are necessary elements of internal control. Even in very large organizations where segregating duties is possible for most accounting functions, there are always individuals who can override controls, or processes for which one person is responsible. Oversight can be a first line of defense in safeguarding assets and assuring compliance with policies, procedures and processes, as well as a compensating control when it is not feasible to segregate duties.

It is not possible to mitigate all risk. There are always circumstances that are beyond an organization’s control that could result in loss. The most significant risks can be mitigated by intentionally creating a culture of integrity, separating duties to the degree feasible and instituting regular oversight and monitoring procedures. In doing so, the organization and its leadership are fulfilling their fiduciary duties, and protecting the taxpayers, the organization and its employees.

**Scope of Engagement and Process**

The scope of this engagement was to assess the internal controls over Business Office cash receipting processes and payroll processes through inquiries of CSI personnel and review of available documentation. I interviewed CSI Business Office personnel on September 16-17, 2014 and substantially completed my follow up inquiries on September 24, 2014.

**Findings**

CSI’s Business Office Policies & Procedures includes a written code of conduct that “…requires all employees to act in accordance with all state, federal and local laws and regulations. Employees are expected to be of high moral character and utilize judgment to avoid even the appearance of impropriety.”

In September 2014, CSI retained a forensic accountant to help evaluate its system of internal controls and improve the checks and balances in high risk areas.

My findings for the internal control assessment over cash receipting and payroll are presented in the attached matrix, Risks and Recommendations for Improvement.

**Attachments**

1. Risks and Recommendations for Improvement
2. Sample Anti-fraud Policies – These policies illustrate different ways to develop and communicate a robust anti-fraud policy. Others available through an internet search.
   a. Managing the Business Risk of Fraud: A Practical Guide, Appendix C: Sample Fraud Policy (by IIA, AICPA and ACFE)
   b. State University of New York (SUNY)
   c. Northeast Community College
   d. Bay de Noc Community College
   e. Springfield Technical Community College
# College Of Southern Idaho  
**INTERNAL CONTROL ASSESSMENT**  
**CASH RECEIPTING AND PAYROLL PROCESSES**  
October 17, 2014

## RISKS AND RECOMMENDATIONS FOR IMPROVEMENT

| 1. | Significant cash payments are received for CSI apartment rentals. | Reduce the amount of cash received, or implement better controls over collection and processing.  
   a. Require that tenants pay by check or money order.  
   b. Have someone from the Business Office reconcile tenant rent, turnover and vacancies and compare to rental income received.  
   c. Restrict the users of the apartment accounting software from deleting payments and modifying other transactions.  
   d. Someone independent of apartment rentals should access the apartment management software and reconcile it to the general ledger. |
| 2. | The vault room is left unlocked during Business Office hours, and some unauthorized employees had key access to the vault room. | Improve physical controls over vault room and safe.  
   a. Change the door lock and the safe code every three to six months and whenever an authorized user terminates employment.  
   b. Keep the door to the vault room locked at all times.  
   c. Lock the night depository key in the safe.  
   d. Maintain a log of persons with authorized access to the Business Office door, vault room door, safe code and night depository key.  
   e. Consider electronic door security so you know who enters the room and when, and to simplify access control when there is employee turnover. |
| 3. | Cash on hand in the safe is not routinely counted and reconciled by individuals independent of cash receipting processes and who do not have key access to the vault room or the combination to the safe. | Institute better controls over the safe and petty cash funds.  
   a. Perform a dual count and reconciliation at unscheduled, unannounced intervals, at least monthly. This should be done by two people who are independent of cash receipting processes and do not have physical access to the room, safe, night depository or petty cash.  
   b. Both counters sign the count sheet and reconciliation form and a copy is sent to management for review and tracking.  
   c. Set and maintain a level for cash on hand that is appropriate for Business Office needs. Do not keep cash in excess of this level on premises.  
   d. Require management review of all re-deposit transactions. Management review and approval should be documented.  
   e. Develop detail procedures for cashiering checks from the safe and monitor compliance. |
<table>
<thead>
<tr>
<th>RISKS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
</table>
| 4. Subsidiary systems are not routinely reconciled, duties are not properly segregated and there are limited compensating controls such as oversight. | Reconcile subsidiary systems and databases to the general ledger on a routine basis, and implement security measures.  
   a. Establish general ledger accounts that correlate to subsidiary systems and reconcile the two on a routine basis.  
   b. Train Business Office employees to critically review such reconciliations and to trace transactions and reconciling items to original support documents, such as cash register receipts and point-of-sale system reports. Tracing to a spreadsheet created by the person who maintains the subsidiary database is NOT proper support.  
   c. The person(s) performing the reconciliations should be independent of the process.  
   d. Assure that subsidiary systems are properly updated and maintained.  
   e. Establish user security for access to subsidiary systems, if possible.  
   f. Implement an audit trail whenever possible, and automatically generate exception reports for specific types of transactions or occurrences. |
| 5. Duties for third party billings are not properly segregated and there are limited compensating controls for processing third party receipts. | In addition to the recommendations of #4 above, improve segregation of duties and oversight for the third party billing process:  
   a. Restrict the ability of anyone who posts receipts so they cannot (1) change descriptions and accounts in the posting report, and (2) create new accounts receivable accounts.  
   b. Generate exception reports for management review for any new receivables accounts added to the general ledger.  
   c. Institute a periodic review of third party accounts receivable ledgers by management or someone independent of the receipting process. Critically analyze any transfers or reclassifications among third party accounts and review the reconciliation to the subsidiary database. |
| 6. Checks received through the Information Office are sometimes routed to other departments before being logged or endorsed. | Improve controls over incoming checks and payments.  
   a. Restrictively endorse the back of all checks as soon as they are opened. Continue the current date stamp process.  
   b. Require dual control over opening the mail, endorsing checks, date stamping, counting cash, and creating a detailed control log of incoming payments. Secure and maintain the control copy.  
   c. Route check copies (or scanned images) for coding, rather than the actual checks. |
<table>
<thead>
<tr>
<th>RISKS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
</table>
| 7. Credit card refunds can be processed on credit card terminals. | Restrict refund capabilities with CSI’s merchant processor.  
   a. Restrict refund processing to specific employees, to the original credit card, and to a defined timeframe after the charge is processed. Once the defined timeframe has passed, require that refunds be processed through accounts payable.  
   b. An alternative is to restrict all credit card refunds on terminals, and process refunds only through the accounts payable process.  
   c. Remove the credit card terminal from the Business Office Accountant’s office and restrict her access to it. Receipting for delinquent student accounts should be subject to the normal receivng process. |
| 8. Payroll processing is performed by two people who control the entire process. | Separate the Human Resource ("HR") functions from the processing of payroll.  
   a. Segregate duties between HR and the Business Office. For example, HR sets up new employees, inactivates terminated employees, adds and adjusts pay rates, enters bonus amounts, enters benefit limits and other withholding parameters, and sets up direct deposit. A separate department (typically the Business Office) processes timekeeping (hours), creates pay checks and direct deposit, processes withholding and other tax payments, and prepares payroll tax filings and reports.  
   b. Consider replacing the manual timekeeping process with an electronic system.  
   c. Separate authority for initiating a wire transfer from approval of the transaction. |
| 9. The Business Office policy for reporting fraud is very general; it does not clearly define unethical conduct or specific reporting mechanisms. | Develop and promote a fraud prevention/anti-fraud policy that clearly defines unethical conduct, consequences for engaging in such conduct, appropriate ways to communicate concerns about potential violations, and measures CSI will take to evaluate and investigate reports of unethical conduct.  
   a. Promote this policy to employees, vendors, donors, and other stakeholders. Surveys have demonstrated that more fraud is identified through a tip than by any other means. Examples of anti-fraud policies in use by other community colleges are attached, and others are readily available via an Internet search.  
   b. Consider an ethics hotline as part of the anti-fraud policy implementation. Hotlines are valuable in helping organizations identify and deal with legal, operational, safety and financial issues before they reach crisis level.  
   c. Consider performing criminal background checks on all Business Office employees at hire and every three to five years thereafter.  
   d. Consider adding an internal audit function where someone independent of the Business Office identifies risks and develops processes for oversight and monitoring and tests compliance with policies and procedures. |
<table>
<thead>
<tr>
<th>RISKS</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. User security rights for Business Office employees have not been reviewed recently.</td>
<td>Review user profiles and security rights on a routine periodic basis (e.g., annually) and whenever the accounting system vendor upgrades or changes user security capabilities. In general, restrict user access to the capabilities needed to perform job duties and no more.</td>
</tr>
</tbody>
</table>