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COMMUNITY COLLEGE DISTRICT NO. 508

DECEMBER 12, 2013

Audit Committee Summary

Presentation to the Board of
Trustees

December 12, 2013



CITY COLLEGES
of CHICAGO
Education that Works

Overview

- Chancellor audit committee held November 7, 2013, per board guidelines (two Board members present)
- 3 presentations:
 - Finance: Update on External Audit
 - Internal Audit: Highlights
 - Office of Inspector General: Discussion of Federal Work Study report
- *This presentation will summarize those reports*

Finance: External Audit

- CCC prepares an annual financial audit, the Comprehensive Annual Financial Report (“CAFR”) as required by state law
- The FY13 audit was released Oct. 14 and is available publicly on www.ccc.edu
- The CAFR contains information on CCC’s financial performance for the fiscal year ended June 30, 2013

Finance: Auditor commentary

- The FY13 CAFR was prepared by CCC's external audit partner
- McGladrey issued an unmodified opinion on CCC's June 30, 2013 statements
 - “Unmodified” formerly known as “unqualified”, or “clean”; the auditor believes that the CAFR presents CCC's financial position fairly
- No disagreements or significant difficulties in dealing with CCC management

Internal Audit: Highlights

- Procurement Review
 - Observations
 - Bid recapitulation summaries were not attached to some purchase requisitions (1.5% of samples reviewed)
 - Support for variances from quote and bid policy was not filed with some requisition requests (1.5% of samples reviewed)
 - Management Response
 - “Paperless Procurement” will help ensure all documentation will be included with each requisition

Internal Audit: Highlights (cont'd)

- Adult Education Truants' Alternative and Optional Education Program (TAOEP) Review
 - Observations
 - Data collection issues
 - No policies and procedures in case students exit the program
 - Some of the vouchers and audit reports were not submitted timely (33.3% of samples reviewed)
 - The Individualized Optional Education Plans (IOEPs) were not found in some student files (19.5% of samples reviewed)
 - Management Responses
 - Improved communication process to providers on: policies and procedures; and deadlines for submission of documents
 - All providers are now required to submit IOEPs twice a year

Internal Audit: Highlights (cont'd)

- Kennedy-King College (KKC) Business Office Review
 - Observations
 - Some of the vendor invoices were dated prior to PO creation (8% of samples reviewed)
 - Some of the vendor invoices were not date-stamped upon receipt (12% of samples reviewed)
 - Lack of documented records retention procedures
 - Management Responses
 - KKC Business Office will work with departments to ensure POs are generated prior to a purchase being made, and invoices are date-stamped
 - Administrative Services and General Counsel are developing District-wide Records Retention Schedule and the governance structure for records retention

Office of Inspector General City Colleges of Chicago

District-Wide Review of Federal Work Study Time Sheets Submitted by Student Athletes (Fall 2010 – Fall 2012)

Presentation to the Board of Trustees
December 12, 2013



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Background

Federal Work Study is a federally funded financial aid program that provides subsidized part-time employment for eligible students. Among the requirements are:

- Students must be 16 years old;
- Complete a Free Application for Federal Student Aid (“FAFSA”);
- Eligible to work in the United States;
- Actively attending a minimum of six credit hours at CCC;
- Be in good standing according to CCC’s Standards of Academic Progress;
- Have unmet financial needs.

Background

- More than 2,200 CCC students participated in the Federal Work Study program during the period of the OIG review (Fall 2010 to Fall 2012). These students received in excess of \$6.3 million in payments.
- Of the 2,200 CCC students who participated in the Federal Work Study program during this period, sixty (53 individual students) were student athletes at six colleges. (No sports program at Harold Washington College)
- These student athletes represent 2.68% of students who participate in the Federal Work Study program and 2.91% of the payments made.

The Review

- ❖ Reviewed hundreds of Federal Work Study Time Sheets.
- ❖ Compared the Federal Work Study Time Sheets to game schedules and practice schedules.
- ❖ Took a very conservative approach. All benefit of the doubt to finding no conflict between hours worked and games and/or practices.
- ❖ Dozens of interviews of Federal Work Study supervisors, coaches, and students when possible

Findings

- ✓ Found time issues with Federal Work Study Time Sheets submitted by twenty-five (25 of 53 or **47%**) of the student athletes.
- ✓ Significant instances (192) where the dates and times represented on Federal Work Study Time Sheets by student athletes as purportedly worked conflicted with the times of games in which they participated.
- ✓ Significant instances (329) where the dates and times represented on Federal Work Study Time Sheets by student athletes as purportedly worked conflicted with the times of scheduled practices.
- ✓ Dozens of instances where the total hours represented on Federal Work Study Time Sheets as purportedly worked on given days were erroneously calculated resulting in the student athletes receiving pay for hours that they did not in fact work.

Findings

- ✓ 55% of the student athletes who participated in the Federal Work Study program were assigned to work with their City Colleges' Athletic Department and/or for coaches, in violation of Section 8.0 of the City Colleges of Chicago Athletic Governance Policy which specifically prohibits such assignments.

Recommendations

- Time and attendance of Federal Work Study student participants be maintained on *CCC Works*.
- Training and instruction to include actual times worked.
- Incorporate game and practice schedule into work schedule
- Require coaches and/or athletic directors to submit updated game and practice schedules each pay period.
- Department of Student Financial Services systematically reviews the Federal Work Study program to ensure that no student athletes are assigned to work with Athletic Departments and/or for coaches
- Disciplinary action regarding four current employees.
- Action against three current students and twenty-two former students, including but not limited to deeming the students ineligible to participate in the Federal Work Study program immediately and in the future.