



CITY COLLEGES[®]
of CHICAGO
Internal Audit Department
Education that Works

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Audit Finding Update and Internal Audit Plan 2023

Internal Audit Background

Mission

The Internal Audit department is an independent and objective assurance function designed to :

- Assess and measure organizational risk through periodic enterprise risk assessments with the goal of defining a risk-based internal audit plan.
- Evaluate the effectiveness of internal controls and business processes designed to help management with operational, financial, compliance, and strategic objectives.
- Assess compliance with applicable laws, regulations, ordinances, contracts, grants, and City Colleges of Chicago policies and procedures.

IAC work is performed in accordance with the Institute of Internal Auditors standards.

Internal Audit Team

Gina Gentile, Director, Internal Audit

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Internal Audit Staffing Update

Based on Internal Audit staffing quantitative benchmarking performed by Gartner for Government and Public Sector entities, CCC should have approximately 5 FTEs per billion dollars in funding. With annual funding of approximate \$0.5 billion, CCC should have 3 FTEs in the Internal Audit function. With 3 FTEs we are currently adequately staffed. However, qualitative factors such as decentralization, number of campus, and regulatory compliance requirements, which adds to organizational complexity and risk, may increase FTE requirements in the near future.

Higher Education Emergency Relief Funds (HEERF) Internal Process & Controls Review

Finding

CCC implemented processes in accordance with federal guidelines for the awarding, distributing, and reporting of HEERF, however CCC did not compile and formally document their internal controls and processes for awarding, distributing, and reporting of HEERF. Lack of formally approved and documented policy and procedures could lead to procedural inconsistencies, unauthorized transactions, and/or an ineffective control environment. The findings below are consistent with the external audit.

- **Lack of Formal Management Review and Approval/Signoffs (Process Now Implemented)**
 - **Student:** There is no formal review or approval sign-off in place to ensure students are awarded the proper amount based on eligibility (e.g. Pell and MAP eligible qualify for \$1000, all other credit students qualify for \$700, Adult Education students qualify for \$500). Additionally, there is no review process in place to ensure that students outside of the approved award list do not receive Emergency Grant funds.
 - 4 of 60 (7%) students awarded \$1000 Emergency Grant funds were not Pell or MAP eligible and should have only received \$700.
 - **Institutional:** There is no additional step for a formal management review and approval/report sign-off process to ensure that final total expenditures are accurate and reconciles with the Quarterly Budget and Expenditure Reporting form.
 - **MSI:** Approvals to disburse MSI funding are granted via email; approvals are not always documented.
 - **HEERF Quarter and Annual Report:** There is no formal review to ensure HEERF expenditures are accurate prior to submission and/or posting on the CCC website.
 - **Awarding MSI funds:** There are no guidelines for student selection and/or criteria established to prioritize students with the most need.

Next Steps

Lack of Formal Management Review and Approval/Sign-offs

Key Recommendations

- DO Student Financials and DO Student Financial Aid should implement policies to put controls in place to ensure proper awarding of students and appropriate use of funds to ensure compliance with the requirements of the grant agreement to avoid penalties or loss of funding. The policies implemented should include a formal management review and approval/sign-off of the student eligible reports to ensure only students that qualify receive the grant funding.
- Additionally, DO Student Financials and DO Student Financial Aid should implement a formal management review and approval/sign-off of those students approved for disbursement to ensure students receive the appropriate award amount. Lastly, DO Student Financials and DO Student Financial Aid should ensure a formal management review is completed prior to reporting of HEERF funds.

Management Action Plan

- ✓ **Implemented:** December 31, 2021
District Office Student Finance team created a policies and procedures manual for the student portion of the HEERF. In addition, Emergency Aid Review & Approval process document was created to ensure a formal management review and approval/sign-off for the Student, MSI and Institutional portions.
- ✓ **Implemented:** December 31, 2021
Institutional / HEERF Quarter and Annual Report: District Office Student Finance created an HEERF Quarterly Reporting Process and Procedures document in efforts of streamlining the Quarterly Reporting process, clearly defining roles/responsibilities, adding accountability. Which includes in the MSI and Institutional portion management review process.

Campus Audits

Inadequate Transfer Credit Evaluation Process

Policy	Finding
<p>All courses from other regionally accredited institutions previously attended where a final grade of “C” or higher was earned will be evaluated for transferability and reflected on the student’s academic record when the credit is accepted.</p>	<p>Campus 1: 2 out of 5 (40%) transcripts reviewed did not have the accurate number of transfer credit hours applied to the student’s CCC academic record, totaling 66 underapplied credit hours.</p> <p>Campus 2: 3 out of 5 (60%) transcripts reviewed did not have the accurate number of transfer credit hours applied to the student’s CCC academic record, totaling 17 underapplied and 5 overapplied credit hours.</p>
<p>Official transcript evaluations should take 6 - 8 weeks for completion during non-peak periods.</p>	<p>Campus 1: 2 out of 5 (40%) transcripts reviewed were not posted timely, lag time was 62 to 91 weeks.</p> <p>Campus 2: 3 out of 5 (60%) transcripts reviewed were not posted timely, lag time was 10 to 27 weeks.</p>
<p>If a rule has not been made, the evaluator is required to evaluate and propose a new rule in the Transfer Evaluation System (TES).</p>	<p>Campus 1 and 2: Both campuses are not proposing new rules in the TES system when required.</p>
<p>Control Deficiency</p>	<p>There is no review/approval process over transfer credit evaluations and there is no review over the data entry of transfer credits.</p>

Next Steps

Inadequate Transfer Credit Evaluation Process

Key Recommendations

- Transcript Evaluators should clearly document transfer credit courses with grades of “C” or higher that were not accepted and document the total number of courses that were accepted versus denied. The transcript copy should then be reconciled to the evaluation form in order to reduce errors. The transcript date and date received should be entered into the CS9 Transfer Evaluation screen in order to electronically capture essential transcript receipt data. Each campus should also implement a management review process.
- Transcript evaluators should be reminded that transcript evaluations are required to be performed within 6 to 8 weeks, from the date the transcript was received. An explanation should be included on the transfer evaluation form for transcripts not evaluated timely.

Management Action Plan

- ✓ **Implemented:** February 18, 2022
District Office Transfer Systems and Students Records conducted a Professional Development Training with all Registrar staff in February 2022 and will resume college training sessions after the all staff PD.
- ✓ **Implemented:** February 18, 2022
When City Colleges of Chicago Not Equivalent (CCCNE) is given for college credit courses, with a grade of C or higher, a second evaluator needs to review to confirm all courses should truly be CCCNE, until a transfer credit evaluator position is created. District Office Transfer Systems and Students Records will add a line on the evaluation review form to include, a check box if there are CCCNE credit courses and then a second evaluator signature line.

Campus Audits

Inadequate Adult Education Attendance Process

Policy	Finding
<p>Per ICCB Approved Attendance Format Submission – Learner Mastery Model (LMM) Attendance Certification process serves as CCC’s official, auditable record of students who are attending and making progress. CCC uses these attendance records in submissions to the State of Illinois. By completing the LMM form, the Adult Educator, is certifying that they have entered attendance accurately on the Learner Mastery Model Form and corresponding Daily Attendance Roster Submission.</p>	<p>Campus 1: 11 out of 27 (41%) LMM forms reviewed did not reconcile to the attendance documented in CS9. Of the 11 forms, there were 41 inaccurate student attendance entries. These errors include missing entries, absent entries when a student was present, and/or present entries when student was absent.</p>
<p>Adult Educators must type each student’s name into the LMM Form and include the mode of communication. The LMM takes the place of a student signing in on a classroom attendance sign-in form.</p>	<p>Campus 1: 14 out of 27 (52%) LMM forms reviewed did not properly document student attendance Campus 2: 5 out of 17 (29%) LMM forms reviewed did not properly document student attendance.</p>
<p>Adult Educators are required to record student attendance via the portal (my.ccc.edu) within three (3) days of each class meeting.</p>	<p>Campus 1: 8 out of 27 (30%) daily student attendance entries in CS9 reviewed were not entered timely, within 3 business days, lag time was from 11 to 46 days after .</p>

Next Steps

Inadequate Adult Education Attendance Process

Key Recommendations

- Adult Education should perform a monthly reconciliation, on a sample basis, of the student daily class attendance on the LMM form against the CS9 attendance report to ensure student attendance was accurately recorded. Adult Educators that have inconsistencies noted in their attendance records should be provided with additional training and monitored for a period of time as determined by the Adult Ed Dean.

Management Action Plan

- ✓ **Implemented:** November 1, 2021
Coordinators have been assigned a cohort of Educators. One of the weekly tasks assigned is ensuring that all Educators enter LMM and CS9 attendance as expected. ADED's Manager will monitor the supervision of Coordinators and ensure that all attendance related entries are recorded with completion and timeliness. All Educators will be offered the opportunity for additional LMM and student attendance entry training as needed.

Adult Education Attendance and ICCB Reporting

Finding

Due to the implementation of remote learning, there was a sizable change to the attendance process, which required additional training and responsibilities of the Adult Educators. Previously, students were responsible for signing off on an attendance roster and now it is the responsibility of the Adult Educator to document attendance.

The Learner Mastery Model (LMM) form serves as CCC's official auditable attendance record and takes the place of students signing in for attendance. Completion of the LMM form certifies that Adult Educators have entered attendance accurately on the LMM form and the corresponding Daily Attendance Roster Submission. IA reviewed student attendance records for Fall 2021 and noted the following:

- **Inaccurate Recording of Student Attendance**

Random Sample of Attendance Records Testing:

- 116 of 276 (42%) Adult Education attendance records (LMM) reviewed did not reconcile to CS9.

Consecutive Absences Testing:

- 43 of 953 (5%) Adult Education students were not dropped from a course after 3 and/or 6 consecutive absences per LMM forms.

- **Missing Attendance Records**

Random Sample of Attendance Records Testing:

- 31 of 276 (11%) Adult Education attendance records (LMM) could not be located in SharePoint.

Consecutive Absences Testing:

- 161 of 953 (17%) Adult Education students could not be evaluated to determine if a student should be dropped from a course after 3 and/or 6 consecutive absences due to missing LMM forms.
- **OH was the only campus that had all their LMM forms in SharePoint.**

Adult Education Attendance and ICCB Reporting

Finding

Untimely Updates to System Algorithm.

On March 25, 2022 IA reviewed all students on the SR/SU report and noted that students from a third-party affiliated course 432 IBEW 727 was included on the submission list. In communication with OIT, it was determined that two (2) third-party affiliated courses 432 IBEW 726 and 432 IBEW 727 were not added to the exclusion list in the SR/SU program/algorithm. OIT addressed that the new courses would be added to the exclusion list to remove any students within the course before the final report is submitted.

During the review, IA noted 53 ineligible students that were included for submission in the SR/SU report.

Improper Setup of Hybrid Course Scheduling.

On March 8, 2022 IA reviewed attendance records to determine if students with 3 and or 6 consecutive absences were being dropped accordingly by CCC's internal system PeopleSoft CS9. In communication with DO, it was learned that the Adult Education Drop Process would not drop students with consecutive absences in a hybrid online class that starts with a hybrid, online, or overnight class. For Fall 2021, 69 students were affected by the drop process. DO addressed that the hybrid class scheduling policy was updated and all Spring 2022 classes were scheduled properly so the problem could not re-occur.

During the review, IA noted that 19 of 69 (28%) Adult Education students were not dropped after 3 and/or 6 consecutive absences per LMM forms.

Pell Compliance, Verification, and Return of Title IV Funds

Finding

CCC R2T4 processes have substantially improved with the implementation of documented policies and procedures and training guides, however meeting federal deadlines requires continued improvement.

Non-Compliance with R2T4 NSLDS (National Student Loan Data System) Enrollment Reporting

- *Students that have withdrawn from all of their classes are required to be reported to NSLDS within 60 days.*
 - 6 out of 60 (10%) student withdrawal notifications reviewed were not reported to NSC and subsequently to NSLDS within 60 days of withdrawal.

Untimely Completion or Return of Title IV Funds

- *Campuses must perform R2T4 calculations within 45 days of the determination date of withdrawal.*
 - 4 out of 60 (8%) R2T4 calculations reviewed were not performed within 45 days from the withdrawal date of determination.
- *Campuses are required to disburse funds owed to students from a post-withdrawal disbursement within 14 days of performing R2T4 calculations.*
 - 2 out of 10 (20%) post-withdrawal disbursements reviewed were not posted to the students' accounts within 14 days of the R2T4 calculation.

Improper Return of Title IV Funds

- **4 out of 60 (7%) R2T4 Funds were Inaccurate**
 - One R2T4 calculation was not returned in the proper order, which resulted in an over-award of \$338 in Pell grant funds and improper return of FSEOG funds.
 - One R2T4 calculation did not use the correct annual Pell award amount, which resulted in an under-award of \$6 in Pell grant funds.
 - One student was improperly repackaged, which resulted in an over-award of \$337.
 - One student's account was not locked after completion of the R2T4 calculation and improperly repackaged, which resulted in an over-award of \$268.

Next Steps

Pell Compliance, Verification and Return of Title IV Funds

Key Recommendations

- District Office Student Financial Aid (SFA) should create R2T4 training aids such as job aids, flow charts, and step-by-step instructions as guidance for campuses. Annual training should be provided to campuses and should address any common R2T4 errors and recent findings. Financial Aid Offices should perform monthly audits on a sample of R2T4 calculations to verify accuracy.
- District Office SFA should send out reminders to campuses that are not completing calculations and disbursing Pell funds timely. A shorter internal deadline for completion of R2T4 calculations and accompanying disbursements should be used for monitoring purposes in order to meet federally mandated timeframes.
- District Office SFA should create a CS9 query to track the timely posting of Pell grant funds due to students resulting from a post-withdrawal disbursement. This query should be made available to Financial Aid Office for internal tracking of R2T4 PWD 14-day compliance requirement.

Management Action Plan

- ✓ **Implemented:** March 31, 2022
District Office provided an annual training on R2T4 at its All Staff Training & Professional Development Day. District Office SFA will provide training to staff on a semi-annual cadence. CCC Campuses have access to training knowledgebase that includes job aids that shows step by step instructions within SharePoint Folder - Fa Trainings & Knowledgebase.
- ✓ **Implemented:** April 27, 2022
An R2T4 detailed report is sent out weekly to campuses to show which students need an R2T4 calculation completed. The R2T4 report is apart of the SFA error report series that is generated for campuses weekly and stored within the SharePoint Folder.
- ✓ **To be Implemented:** August 19, 2022
District SFA will create enhanced reporting for students who require an R2T4 Post Withdrawal Disbursement (PWD) to ensure campuses are posting Pell grant funds within 14 day compliance period.

Next Steps

Pell Compliance, Verification and Return of Title IV Funds - NSLDS

Key Recommendations

- CCC OIT should collaborate with Student Financial Aid to obtain the rolling weekly District CS9 R2T4 report to obtain listing of R2T4 students to reconcile against the monthly listing of “withdrawn” students sent to NSC. Any discrepancies should be investigated and any withdrawn students that were not properly reported should be manually reported to NCS to report to NSLDS.
- OIT & Academic & Student Affairs (ASA) should consider using the “Enrollment Spreadsheet Submittal” process to notify NSLDS of enrollment changes for R2T4 students. R2T4 students may have multiple enrollment changes, as they enroll and withdraw from their courses, that need to be reported to show their enrollment status changing from full-time, to three-quarter time, to half-time, to less than half-time, and finally as withdrawn. The spreadsheet upload process can be used to catch-up the reporting of the R2T4 student enrollment changes without having to wait for the next NSC enrollment report file run.

Management Action Plan

- ✓ **To be Implemented: May 6, 2022**
OIT has tested changes to the program which produces the Clearinghouse enrollment files and we are putting them through Change Control this Thursday (May 5, 2022). These changes should go into production on Thursday night.
- ✓ **To be Implemented: June 30, 2022**
OIT has been requesting the current R2T4 report from the Financial Aid department and have been monitoring these students to make sure they are reported accurately on the files this term. OIT to continue to do this for the near future until we are comfortable that the files are reporting these students correctly.

Preliminary Findings

No Formal or Documented Policies and Procedures on the Estimates, Communication with Students, and Distribution of U-pass cards.

Each campus was interviewed regarding their U-pass process from entering estimations into the Ventra system to the distribution of U-pass. During the review IA noted the following:

- Campuses had different understandings of how to calculate estimated opt-in U-pass students
- Some campuses did not have a student sign-off sheet verifying receipt of U-Pass process
- Some campuses have Segregation of duties - Ordering vs. Distributing
- Some campuses did not send communication to NEW students regarding the U-pass process
- Some campuses reconcile between new opt-in students vs. students notified and/or provided picture

No Reconciliation Process between the Number of Cards Opted-In vs. Number of Cards Billed.

Currently, CTA invoices CCC based on estimates of opt-in U-pass students entered into the Ventra by the campuses. A true-up is completed at the end of the term with the finalized student opt-in numbers. The campuses do not see the finalized students that are sent to CTA and can't provide support to match the finalized numbers. There is no review to determine if the students submitted and invoiced are accurate.

Internal Audit Plan/Activities

FY 2021	FY 2022	FY2023
Campus Review (2)	Campus Review (2)	Campus Review (2)
Allocation of FWS/FSEOG funds	U-pass process and review	Contract Compliance & Expenditure Audit (PACE)
Review of Departmental Policies and Procedures (Financial Aid)	Adult Education (attendance/reporting)	Payroll (Contracts and Special Assignments)
HEERF Review (external audit)	HEERF Review (external audit)	HEERF Review (external audit)
Continuous Monitoring (Cash Advances/Expenses)	Pell/R2T4	TRIO Grant
	Continuous Monitoring (Cash Advances/Expenses)	Continuous Monitoring (Cash Advances/Expenses)