



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

34801

RECEIVED AND PLACED ON FILE – BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508

MAY 4, 2023

May 5, 2022

Finance & Administrative Services Committee Meeting – Internal Audit Updates

Internal Audit Update

Agenda

Internal Audit Background

Internal Audit Ratings

Satisfactory Audits

- Harold Washington Campus Review
- Payroll (Routine Bi-Weekly Payments)
- TRIO Student Support Services

Needs Improvement Audits

- Request for Payment/Special Projects Review

Unsatisfactory Audits

- Wilbur Wright Campus Review
- TRIO – Equal Opportunity Center Grant Review

Audit Follow-Up FY22 Findings & Audit Plan 2024

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 and
- Evaluate the effectiveness of internal controls and business processes designed to help management achieve operational, financial, and strategic objectives.
- Assess compliance with applicable laws, regulations, ordinances, contracts, grants, and City Colleges of Chicago policies and procedures.

IA's work is performed in accordance with the Institute of Internal Auditor (IIA) standards

Team

Gina Gentile, Director Internal Audit

Kristine Ann, Internal Audit Supervisor

Senior Auditor – Vacant

Internal Audit Ratings

Audit Rating	Description of Audit Report Rating	Action Required
<p>Satisfactory</p>	<ul style="list-style-type: none"> Based on the work conducted and areas reviewed, the control environment is considered appropriate and maintaining risks within acceptable parameters. Key controls are adequately and appropriately designed, and are operating effectively to support objectives and manage risks. One or more moderate findings, but no high findings. Insignificant cumulative impact when all audit findings have been considered. 	<p>Only Moderate audit findings would be subject to a follow-up by Internal Audit.</p>
<p>Needs Improvement</p>	<ul style="list-style-type: none"> Based on the work conducted and areas reviewed, the control environment needs improvement in order to maintain risks within acceptable parameters. A few key control weaknesses were noted that require enhancements to better support objectives and manage risks. One High finding and Moderate findings. Cumulative impact when all audit findings have been considered may be significant. 	<p>Corrective action and oversight by management is needed. High and Moderate audit findings are subject to a follow-up by Internal Audit.</p>
<p>Unsatisfactory</p>	<ul style="list-style-type: none"> Based on the work conducted and areas reviewed, the control environment is flawed in design and operation and not maintaining risks within acceptable parameters. Numerous key control weaknesses were noted that require significant improvement to support objectives and manage risks. More than one High finding and Moderate findings. Cumulative impact when all audit findings have been considered is significant. 	<p>Corrective action and oversight by management is mandatory. High and Moderate audit findings are subject to a follow-up by Internal Audit.</p> <p>Senior management attention is required.</p>

Audits Completed with Satisfactory Rating

Completed	Process Tested (#Attributes tested)	Moderate Findings
Harold Washington Campus Review	<ul style="list-style-type: none"> ➤ Business Office Testing <ul style="list-style-type: none"> ○ Daily Cash Receipts Report (6) ○ Bank Reconciliations (1) ○ Third Party Billing A/R (1) ○ Debt Forgiveness Waivers (4) ○ Tuition Waivers (9) ○ Bid Review (4) ○ Direct Vouchers (4) ○ Grant Expenditures (4) ○ Employee T&E (20) ➤ Payroll <ul style="list-style-type: none"> ○ Certificate of Attendance (12) ○ Special Assignments (9) ➤ Registrar <ul style="list-style-type: none"> ○ Transfer Credit Evaluation (7) ○ Student Personnel Change Request (3) ○ Grade Changes (4) ○ User Access Grade Changes/SS# (4) ➤ Financial Aid <ul style="list-style-type: none"> ○ Financial Aid Verification (11) ○ SAP Hold (7) ➤ Administrative Services <ul style="list-style-type: none"> ○ Fixed Assets (3) ○ Facility Rentals (7) <p><i>Child Care Services (19) and Adult Education (5) are also reviewed at campuses, however these do not apply to HW</i></p>	<p>Third Party Facility Rentals</p> <ul style="list-style-type: none"> ➤ 1 out of 3 (33%) facility rentals was not paid in full prior to event or thereafter, totaling \$600. <p>Transfer Credit Evaluation</p> <ul style="list-style-type: none"> ➤ 2 out of 6 (33%) transfer evaluations did not have an accurate number of credit transfers applied to the student's account, totaling 3 credits. ➤ 6 out 6 (100%) transfer evaluations were not evaluated timely, within 8 weeks.

Audits Completed with Satisfactory Rating

Completed	Process Tested (#Attributes tested)	Moderate Findings
Payroll - Routine Bi- Weekly	<ul style="list-style-type: none"> ➤ CCC Works (10) ➤ COAs (10) <ul style="list-style-type: none"> ○ Substitute Pay (11) ➤ Vacation Payout (6) ➤ PAL (3) ➤ Employee Pay Changes (4) ➤ Exceptions Reports (3) 	<p>Substitute Teachers</p> <ul style="list-style-type: none"> ➤ 3 out of 9 (33%) faculty COA's did not have a deduction for hours not worked (absent days). ➤ 3 out of 10 (30%) substitute pay forms were either missing or did not reconcile with the absent employee's COA.
TRIO Student Support Services (HW, MX, TR)	<ul style="list-style-type: none"> ➤ Expenditures (7) ➤ Participant Eligibility (6) ➤ Services Rendered (3) 	<p>Eligibility</p> <ul style="list-style-type: none"> ➤ 10 out 60 (17%) TRIO applications were not signed by either the student or TRIO reviewer.

Payroll – Request for Payment/Special Assignments

Request for Payment

No Formal or Documented Policies and Procedures for the Request for Payment Process.

- CCC does not have a documented policies and procedures for the Request for Payments process. Although there is an existing Special Assignments User Guide (online submissions) there are no guidelines for Request for Payment (paper form submissions) including submission timeline, submission requirements, eligibility requirements and assignment pay rate calculations.

Insufficient Evidence to Support Hours Worked on Assignment.

- Request for Payment forms did not have COAs on file to support hours worked on the assignments. COAs were not on file or assignment hours were not recorded on the COA.
 - 14 out of 15 (93%) Request for Payments reviewed did not have COAs to support hours worked on assignment.

Special Assignments

Insufficient Evidence to Support Hours Worked on Assignment.

- Special Assignments did not have COAs on file to support hours worked on the assignments. COAs were either not on file, incomplete and/or did not submit all COAs to support the hours worked on the assignment.
 - 22 out of 25 (88%) Special Assignments reviewed did not have COAs to support hours worked on assignment.

Inconsistent Recording of Assignment Hours on COAs.

- Employees on Special Assignments were paid the full assignment hours however, the assignment hours recorded on the COAs did not reflect the correct hours.
 - 3 out of 25 (12%) Special Assignments reviewed had COAs that did not agree to the automated bi-weekly payment.

Campus Audit

Wilbur Wright Findings

Internal Process - Bank Reconciliations

WR Business Office did not reconcile items between the bank account and the general ledger in a timely manner. General Accounting performs the monthly reconciliations and informs the Business Office of unreconciled differences. The Business Office is then required to investigate and clear the variances through the completion of a journal entry before next month's reconciliation. Lack of proper and timely review of bank account transactions and completion/submission of required journal entries increases the risk of inaccurate recording and reporting of cash on hand and/or misappropriation of funds.

- 11 out of 12 (92%) bank reconciliations reviewed contained unreconciled items that have not been resolved by the Business Office, totaling (\$41,522.23) in receipts and fees.

Internal Process - Fixed Assets

WR's fixed assets were either not recorded or were inaccurately recorded on the WR Fixed Asset Register (FAR) in PeopleSoft-Finance. Additionally, WR fixed assets were not tagged or were improperly tagged by the campus.

- 19 IT assets procured from PO 0000035848, totaling, \$21,024, were not asset tagged and were not recorded on the WR FAR.
- 47 IT assets procured from PO 0000050969, totaling \$45,026, were not recorded on the WR FAR.
- 18 IT assets procured from PO 0000036099, totaling \$34,033, were not accurately recorded on the WR FAR. The IT assets were linked to the wrong asset tag.
- 3 out of 11 (27%) non-consumable assets reviewed were not properly linked to the correct PO on the PS-Finance WR FAR, causing an inaccurate value and supplier assigned to the asset.

Campus Audit

Wilbur Wright Findings

Internal Process - Procurement

WR did not comply with the Procurement Department's guidelines on the creation and coding of items, within the Requisitions and Purchase Orders, when procuring goods and services.

Procurement guidelines include information on the proper way to enter a requisition which includes providing a requisition justification that details the goods or services being procured, and the use of accurate commodity codes.

- 3 out of 26 (12%) purchase orders reviewed did not utilize the proper commodity code for the goods or services procured. Utilizing incorrect commodity codes will misdirect the system for approvals and whether or not the item should be flagged as an asset.
- 4 out of 14 (29%) purchase orders for goods reviewed were not properly created by the user department.
 - Three purchase orders were created with one-line item and one total, however multiple line items with different price totals were procured including assets valued at \$250 or higher. Additionally, one purchase order was incorrectly entered as a service instead of a good, therefore the system did not recognize items as assets and the assets were not tagged upon receipt. In total, 6 assets were not tagged and recorded on the WR Fixed Asset Registry due to improper set up of requisition/purchase order.

Per guidelines, all employees entering requisitions are required to attach supporting documentation in the PeopleSoft system as set forth in the User Guide for Requisition. This includes approved bid recapitulation sheets, copies of approved board reports and executed contracts.

- 9 out of 12 (75%) purchase orders for services reviewed did not contain an executed contract.

TRIO – Equal Opportunity Center (EOC)

Findings

Services are not being Rendered

An active TRIO EOC participant is determined based on services received from the TRIO EOC team. If the participant receives two services throughout the grant year the participant would be considered active for the respective grant year. During the review, IA noted the following:

- 21 out of 25 (84%) students reviewed did not receive the two required services throughout the 2022 grant year.

Supporting Documentation for Services Rendered is not Maintained

For the services that were provided, supporting documentation was not maintained.

- 22 out of 25 (88%) services rendered did not have supporting documentation.

Follow-Up Procedures are not Performed

Applications should be renewed each year to consider a student an active member. When a student comes in for a service they are considered renewed and can be counted as active student. The student does not have to reapply for eligibility, however must be renewed as “active” once they receive a service in the new grant year. Students are being carried over year after year with no services rendered.

Monthly Reporting Activities are not Performed

Monthly Activity Reports – Outlines activities performed throughout the month, which details type and purpose of activity and number of participants.

Performed Activity Reports – Summarizes special activities performed toward the accomplishment of the proposal’s objective.

EOC Report – Monthly report of EOC participants served by each counselor, demographics, and number of services provided.



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Audit Follow-Up – Findings from FY2022 & Audit Plan 2024

Audit Follow-Up (FY22 Open Findings)

Audit Activity	Finding(s)	Date of Last Follow-up	# of Open Findings
Pell Compliance, Verification and Return of Title IV funds	<ul style="list-style-type: none"> • Non-Compliance with R2T4 NSLDS Enrollment Reporting • Untimely Completion or Return of Title IV Funds • Improper Return of Title IV Funds 	3/7/2023	3
Adult Education Attendance and ICCB Reporting	<ul style="list-style-type: none"> • Inaccurate Recording of Student Attendance • Missing Attendance Records • Untimely Updates to System Algorithm. • Improper Setup of Hybrid Course Scheduling (Closed) 	1/31/2023	3
Transfer Credit Evaluation Process	<ul style="list-style-type: none"> • Transfer Credit Evaluation Process 	1/26/2023 1/27/2023	1
Totals			7

Internal Audit Plan/Activities

FY 2022	FY2023	FY2024
Campus Review (2) OH, KK	Campus Review (2) HW, WR	Campus Review (3) TR, MX, DA
U-pass process and review	Contract Compliance & Expenditure Audit (PACE)	Contract Compliance & Expenditure Audit (PACE)
Adult Education (attendance/reporting)	Payroll (Contracts and Special Assignments)	SAP& R2T4
HEERF Review (external audit)	HEERF Review (external audit)	HEERF Review (external audit)
Pell/R2T4	TRIO Grant	MBE/WBE Compliance Review
Continuous Monitoring (Cash Advances/Expenses)	Continuous Monitoring (Cash Advances/Expenses)	Continuous Monitoring (Cash Advances/Expenses)