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CITY COLLEGES[®]
OF CHICAGO

Internal Audit Update

June 4, 2026

Internal Audit Update

Agenda

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Internal Audit Department Background

Mission

Internal Audit strengthens accountability and institutional integrity by providing independent, objective assurance and advisory services that help City Colleges of Chicago safeguard public resources, manage risk effectively, and continuously improve operations in support of student success.

Scope of Work

The scope includes districtwide reviews, campus level assessments, advisory engagements, and monitoring of corrective actions to help ensure consistent, equitable, and compliant practices across all seven colleges.

Strategic Alignment

Internal Audit's alignment with the 2026–2030 Strategic Plan ensures that CCC's mission is supported by robust, transparent, and accountable operations. The strategic plan calls for building a culture of excellence and continuous improvement. Internal Audit supports this by:

- Assessing operational effectiveness and identifying opportunities to streamline processes.
- Helping ensure compliance with federal, state, and accreditation requirements.
- Providing data-driven insights that help leadership make informed decisions.
- Monitoring internal controls that safeguard public resources and institutional integrity.

These efforts reinforce CCC's commitment to high-quality operations and responsible stewardship.

Internal Audit Team

Dulce Niedzialkowski, Internal Audit Director
Kristine Ann, Audit Supervisor
Casi Kroth, Senior Internal Auditor

Executive Summary

Key Achievements & Independence Statement

FY26 Audit Plan Execution

Internal Audit delivered four of the six planned audits for the fiscal year, providing substantial assurance coverage across key operational and compliance areas. The remaining two audits are actively in progress and on track for completion this summer, ensuring full execution of the annual audit plan approved by the Board.

Conformance with the Standards

Internal Audit strengthened its adherence to the Global Internal Audit Standards over the past two years, improving overall conformance from 62% to 88%. This improvement reflects the successful development and adoption of two foundational governance documents—the Internal Audit Charter and the Internal Audit Manual. Together, these documents formalized Internal Audit’s mandate, clarified roles and responsibilities, standardized engagement methodologies, and established consistent quality expectations across all audit activities.

Staff Development and Training

Internal Audit successfully met its training and professional development goals for the year, with all team members completing the required continuing education and skill-building activities aligned with global internal audit standards. The team strengthened its capabilities in governance, risk management, data analytics, and compliance, ensuring that audit work is performed with current knowledge, modern methodologies, and a strong commitment to professional excellence.

Internal Audit Independence Statement

Internal Audit affirms that it operates with full organizational independence and objectivity in accordance with the International Standards for the Professional Practice of Internal Auditing. The Internal Audit function reports functionally to the Board of Trustees and Chancellor and administratively to the CFO, ensuring unrestricted access to personnel, records, systems, and operations necessary to perform its work. Throughout the year, Internal Audit conducted its activities free from interference in determining the scope of work, performing engagements, or communicating results. This independence enables Internal Audit to provide the Board with reliable, unbiased assessments of governance, risk management, and internal control effectiveness across City Colleges of Chicago.

Internal Audit Activities Update

- Completed Audits

Overall Audit Ratings

Audit Rating	Description of Audit Report Rating	Action Required
Satisfactory	<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>
Needs Improvement	<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. Two or less High findings 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>
Unsatisfactory	<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>

FY25 Accounts Payable Review

Needs Improvement

Overall Audit Conclusion

The audit identified areas where existing policies were not consistently followed. Management has acknowledged these issues and is taking steps to strengthen compliance and oversight.

Findings Summary

1) Inadequate travel and expense submission and review process.

- There were significant gaps in supervisory review of Cash Advances (CAs), Travel Authorizations (TAs), and Travel Expenses (TEs). These weaknesses resulted in a high rate of incomplete, inaccurate, unsupported requests across all three processes.
 - **Cash Advances (10):** 50% of the requests reviewed were missing required reference field information, and nearly one-third were submitted without an approved Travel Authorization.
 - **Travel Authorizations (35):** 60% lacked adequate supporting documentation, including missing cost estimates, incomplete forms, and absent student travel details.
 - **Travel Expenses (35):** 66% were submitted without proper support, such as missing proof of attendance, proof of payment, or required summary documentation.
- There were widespread delays in the submission of Cash Advances (CAs), Travel Authorizations (TAs), and Travel Expenses (TEs) across employee, athletic, and Student Government Association (SGA) travel. The majority of requests did not meet required submission timelines, indicating a systemic compliance issue.
 - **Cash Advances (10):** 90% of reviewed sample were submitted late.
 - **Travel Authorizations (35):** Between 25% and 60% were submitted late, depending on the group (employees, athletics, SGA).
 - **Travel Expenses (35):** Between 25% and 70% were submitted late, with the highest delays in athletic and SGA travel.

2) Inadequate invoice and direct voucher submission, review and payment processing.

- There were consistent weaknesses in supervisory review of invoices from purchase orders (POs) and direct vouchers (DVs). Approvers are not consistently verifying compliance with purchasing policies, supporting documentation requirements, or proper coding before submissions move forward.
 - **Purchase Orders Created After the Invoice (85):** 8% of POs were issued after invoice dates for goods or services, bypassing required pre-approval controls.
 - **Missing Supporting Documentation (85):** 13% of invoice payment requests lacked required documents such as contracts, bid recaps, invoices, or board reports.

Findings Summary

2) Inadequate invoice and direct voucher submission, review and payment processing. (continued)

- Major themes identified:
 - **Incorrect Account Coding (64):** 7% of invoice payment requests showed errors in account code selection, affecting financial accuracy and reporting.
 - **Incomplete Approvals (39):** A small number of DVs were processed without all required supervisory approvals.
 - **Delayed Receipt of Goods/Services (60):** 28% of purchases were not received in PSFIN within 45 days of the invoice date, creating reconciliation and late payment risks.
 - **Late PO Payments Approved Without Justification (85):** 4% of purchase order invoice payments, both districtwide and within SGA, were processed despite being significantly past due and lacking the required late-submission approval justification. Delays ranged from 69 to 290 days.
 - **Invoice Processing Errors (85):** 11% of invoices were not properly entered into the financial system or were not date-stamped upon receipt, reducing the reliability of invoice tracking and payment timeliness.

3) Untimely Reconciliations of AP Variances

- All monthly reconciliation reports reviewed contained variances that remained unresolved beyond the required 60-day timeframe, indicating a systemic breakdown in the reconciliation and follow-up process.
 - **Persistent Aged Variances (3):** Each month reviewed (September, October, and November 2024) had items older than 60 days, including some dating back more than a year.
 - **Ongoing Unreconciled Balances:** After partial clean-up efforts, unreconciled items still remained—ranging from \$3,637.05 to \$5,497.05 depending on the month.

Next Steps

Audit Follow-Up: Internal Audit will perform follow-up testing in Summer 2026.

Overall Audit Conclusion

The audit identified compliance gaps related to certain policies and regulatory requirements. Management is addressing these matters to enhance compliance and strengthen controls.

Findings Summary

1) Non-compliance with state regulations.

A. Campuses are not consistently applying placement testing or equivalent academic measures to determine student eligibility for dual credit and dual enrollment courses, as required by the Illinois Board of Higher Education (IBHE) under the Dual Credit Quality Act.

- Among (11) individually sampled dual credit students, 36% did not meet prerequisites. Expanded roster testing of courses with exceptions showed:
 - 100% of students in a manufacturing course in Fall 2023 (11) and Spring 2025 (15) did not meet prerequisites.
 - 95% of students in a math course in Fall 2024 (22) did not meet prerequisites.
 - 45% of students in a math course in Spring 2025 (11) did not meet prerequisites.
- Among individually sampled dual enrollment students, 33% did not meet prerequisites. Expanded roster testing of courses with exceptions showed:
 - 100% of students in an architecture course in Fall 2024 (18) did not meet prerequisites.
 - 100% of students in a math course in Fall 2024 (2) did not meet prerequisites.

B. Campuses are not maintaining adequate records to demonstrate that annual faculty reviews of dual credit courses were conducted, as required by the Illinois Board of Higher Education (IBHE) under the Dual Credit Quality Act.

- Of the documentation requested for FY24–FY25 (25), 84% of classroom observation records could not be located.

C. Campuses are not maintaining adequate records to demonstrate that dual credit instructors are properly evaluated and selected from individuals with appropriate credentials, as required by the Illinois Board of Higher Education (IBHE) under the Dual Credit Quality Act.

- **Missing Records (25):** 4% of requested instructor credential files could not be located.
- **Incomplete Files (24):** 42% of reviewed files were missing the required Faculty Credential Evaluation form, which documents the review and approval of instructor qualifications.

Findings Summary

2) Non-compliance with CCC's Academic and Student Policy.

- Early College Operational Practices are not in compliance with CCC policy. Key practices not in alignment were:
 - a. **Placement Testing:** Students are not required take college-level placement exams prior to enrolling in courses unless required by the course as noted in the Academic Catalog. 60% of dual credit students (40) and 67% of dual enrollment students (15) reviewed did not take placement exams.
 - b. **Under 15:** High School student under 15 years of age can participate in the Early College Program. There were sixty-five under 15 students.
 - c. **Tuition-Free Class Per Term:** Students are not limited to one tuition-free Early College class per term. There were over 6,000 Early College students enrolled in more than 1 tuition- free class per term.
 - d. **Program Eligibility:** Students do not lose program eligibility after meeting the established criteria per the policy (e.g. obtaining final grade of “D” or “F”, being No-Show Withdrawal, or being Administratively Withdrawn). 100% of records requested (8) were not located.
 - e. **Eligibility Reinstatement:** Students are not required to follow the Reinstatement of Early College Eligibility policy. 100% of requested records (9) were not located.
 - f. **Document Requirements:** Campuses are not adequately maintaining required program documentation.
 - i. 52% of residency records (25) were not located, 77% of students (13) without verified residency were able to enroll and/or take Early College courses.
 - ii. 9% of signed Program Permission forms (33) were not located.

Next Steps

Audit Follow-Up: Internal Audit will perform follow-up testing in Summer 2026.

Overall Audit Conclusion

The audit identified an internal control deficiency as well as additional issues requiring management action. While the overall control environment reviewed was generally functioning as intended, corrective actions are necessary to address the matters identified. Management has acknowledged the audit results and is taking actions to strengthen controls and address the issues identified.

Findings Summary

1) Inadequate access control enforcement.

- One campus did not consistently enforce entry protocols, had inconsistent security staffing at main entrances, and multiple exterior door deficiencies.
 - Lack of consistent enforcement of access protocols such as visible identification, visitor logs, and entrance monitoring activities.
 - Two exterior doors were not properly secured, and one exterior door was rendered inoperable due to an obstruction.

2) Noncompliance with CCC's Incident Reporting Guide and Clery Crime Log Requirements (40 samples).

- 35% of incident reports reviewed lacked required preparer, reviewer, or final approval signatures.
- 3% of reports reviewed lacked supporting evidence referenced in the documentation.
- 15% did not demonstrate required provision of Title IX informational materials.
- 10% did not follow required internal notification protocols, including notification to the Office of Risk Management.
- 15% were not recorded, improperly recorded, or inaccurately recorded in the Crime Log.

3) Inconsistent Emergency Readiness Practices.

- Signage and maps were not consistently or prominently displayed.
- Emergency equipment readiness could not be properly assessed due to lack of proper documentation.
- Emergency communication equipment was not consistently functioning as intended.

4) Noncompliance with CCC's Alert System Test Requirements.

- Two CCC locations reviewed did not consistently conduct at least one CCC Alert emergency notification test per semester.

5) Noncompliance with CCC's All-Hazards Tabletop Exercise Requirements.

- Campuses did not conduct the annual tabletop exercise to assess plans, policies and procedures, or types of systems needed to guide the prevention of, response to or recovery from a defined event.

Findings Summary

- 6) **Deficiencies in Supportive Intervention Team (SIT) Governance, Documentation and Process Consistency.**
- 50% of SIT committees (8) did not include representatives from all required departments/functions, as required by the Illinois Campus Security Enhancement Act and CCC SIT Handbook.
 - 25 % of SIT committees (8) did not provide required SIT awareness training.
 - 40% of POC reports (30) reviewed did not consistently document behavioral threat assessments.
 - 63% of POC reports (30) reviewed did not contain documented evidence of follow-up or monitoring.
 - 43% of POC reports (30) reviewed did not consistently document meeting proceedings or case reviews.
- 7) **Noncompliance with Clery Act Campus Security Authority (CSA) Training.**
- 5% of CSAs (560) reviewed were not compliant with mandatory 2024 CSA training requirements.
 - 5% of CSAs (2,309) reviewed were not compliant with mandatory 2025 CSA training requirements as of the review date.
- 8) **Primary Crime and Violence Against Women Act (VAWA) Prevention and Awareness Programs Not Consistently Delivered to Incoming Students.**
- Three campuses did not provide required primary crime and/or VAWA prevention and awareness program information to incoming students.

Status Update

During performance of the audit, District Office Security and Campus leadership proactively addressed several of the findings noted. At this time, all exterior door deficiencies noted during the audit have been remediated.

Next Steps

Audit Follow-Up: Internal Audit will perform follow-up testing in Fall 2026.

Campus Audits Testing Overview

Processes Tested (# of Attributes/Procedures Performed per area)

- Business Office (108)
 - Daily Cash Receipts Report/ Bank Reconciliations (8)
 - Third Party Billing A/R (1)
 - Debt Forgiveness (4)
 - Tuition Waivers – Employee/Dependent, Non-Resident, Senior Citizen, Veteran & Student Athlete (18)
 - PO Expenditures (6)
 - SGA Expenditures (11)
 - Direct Vouchers (4)
 - Grant Expenditures (6)
 - Procurement (11)
 - Cash Advance/Employee Travel and Expense (T&E) (20)
 - SGA Employee Travel and Expense (T&E) (19)
- Registrar (19)
 - Transfer Credit Evaluations (7)
 - Student Personal Data Change Requests (4)
 - Grade Changes (4)
 - User Access – Grade Changes/Social Security # (4)
- Athletics (18)
 - Eligibility (9)
 - Student Files (9)
- Financial Aid (17)
 - Financial Aid Verification (10)
 - Satisfactory Academic Progress (SAP) Hold (7)
- Administrative Services (18)
 - Fixed Assets (5)
 - IT Assets (5)
 - Facility Rentals (8)
- Child Development Lab (17)
 - Employee Files (8)
 - Student Files (7)
 - Student Attendance Records (2)
- Adult Education (4)
 - Attendance Compliance (4)
- Drivers & Fuel Cards (13)
 - Drivers Compliance (4)
 - Vehicle Assets (4)
 - Fuel Cards (5)
- Payroll (6)
 - Overtime Pay (6)

Overall Audit Conclusion

The audit identified areas where existing policies were not consistently followed. Management has acknowledged these issues and is taking steps to strengthen compliance and oversight.

Findings Summary

- 1) Inadequate controls over Adult Education attendance data may compromise reporting accuracy and program oversight.**
 - **Missing Attendance Records (33):** 15% of daily attendance sheets selected for review could not be located.
 - **Inaccurate Reconciliation (33):** 67% of attendance sheets did not match the attendance entered into CS9.
 - **Untimely Data Entry (45):** 33% of attendance records were not entered into CS9 within the required three business days.
 - **Insufficient Documentation for Asynchronous Instruction (12):** 67% of asynchronous attendance days lacked required documentation and student assignments to support recorded attendance.

- 2) Inconsistent adherence to policy in facility rentals processes weakens financial and contractual controls.**
 - **Missing Required Documentation (12):** 67% of agreements lacked required documents such as Certificates of Insurance or fully executed Exhibit A forms, limiting CCC's ability to verify liability coverage and event details.
 - **Incomplete Execution (12):** 8% of agreements were not fully executed, including missing signatures on the facilities use agreement.
 - **Billing and Payment Errors (10):** 30% of rental payments did not match the contract amount, indicating errors in billing or collection. 50% of rental payments were not collected at least 10 days prior to the event, at least 3 were collected over 80 days after the event.

- 3) Noncompliance with travel policies, including documentation and reconciliation issues, weakens financial controls and delays processing.**
 - Cash Advances and Related Travel Activity (11)
 - 82% of travel authorizations and 100% of cash advances were submitted late (not 30 days in advance).
 - 28% of travel expense reports were submitted late.
 - 64% of cash advances lacked required supporting documentation.
 - 55% of travel expense reimbursements lacked proper support.
 - Employee Travel & Reimbursement (14)
 - Untimely Submissions: 64% of travel authorizations and 21% of travel expense reports were submitted late.
 - Reconciliation Errors: 7% of travel expense calculations did not match supporting documentation.

Findings Summary

- 4) **Deficiencies in fixed asset management, including incomplete records, compromise financial accuracy, accountability, and compliance.**
- **Inaccurate Locations:** 21% of non-consumable asset samples (19) and 46% OIT assets (13) reviewed had incorrect asset locations in the OH FAR.
 - **Unrecorded Campus Assets:** 16% of non-consumable asset samples (19) located on campus were not recorded in the OH FAR or any FAR within PSFIN.
 - **Missing Asset Tags:** 17% of assets (24) selected from purchase orders had no CCC asset tags; 48% of vehicles (77) reviewed were not tagged and; 50% of grant-funded assets (6) reviewed were not tagged.
 - **Unrecorded Assets in the OH FAR:** 29% of tagged vehicles (77) reviewed were not recorded in the OH FAR and 100% of assets (24) selected by purchase order were not recorded in the OH FAR.
- 5) **Gaps in fuel card tracking and accountability increase the risk of improper use.**
- **Shared Fuel Card:** One fuel card was improperly utilized as a shared fuel card.
 - **Fuel Card Tracking:** Reconciliation of District Office and Campus Fuel card records showed discrepancies in tracking. 8 fuel cards at the campus were not listed on District Office records.
- 6) **Deficiencies in transfer credit evaluations may affect the accuracy of student records, delay progression, and create reputational risk.**
- **Unawarded Credit Hours:** 38% transfer credit evaluations (8) reviewed did not have accurate number of transfer hours applied, totaling 12.68 unawarded credit hours.
 - **Inaccurate Course Applied:** One transfer credit evaluation reviewed contained a course that was given the incorrect CCC equivalent course.
 - **Untimely Review:** 25% transfer credit evaluations (8) reviewed contained transcripts that were not reviewed timely, within 8 weeks of receipt.
- 7) **Inadequate procurement controls increase the risk of unauthorized expenditures, delayed payments, and noncompliance with board and procurement policies.**
- **Invoice Dated Prior to PO (39):** 59% of invoices reviewed had POs that were post dated.
 - **Non-compliance Justifications (24):** 21% of invoices reviewed did not adequately address the reason for noncompliance with PO policy.
 - **Late Invoice Entry (39):** 41% of invoices reviewed were not received in PSFIN within 45 days of invoice date.
 - **Late Invoice Submittal (39):** 62% of invoices reviewed were not submitted to DO AP within 30 days, lags were between 37 and 241 days.

Overall Audit Conclusion

The audit identified areas where existing policies were not consistently followed. Management has acknowledged these issues and is taking steps to strengthen compliance and oversight.

Findings Summary

- 1) Deficiencies in transfer credit evaluations (11) may affect the accuracy of student records, delay progression, and create reputational risk.**
 - **Inaccurate Credit Hours:** 27% transfer credit evaluations reviewed did not have accurate number of transfer hours applied, totaling 19 unawarded credit hours.
 - **Untimely Review:** 9% transfer credit evaluations reviewed contained transcripts that were not reviewed, within 8 weeks of receipt.
 - **Outdated Transcript:** 1 transfer credit evaluation reviewed contained a transcript that was over 1 year old.
- 2) Noncompliance with travel policies, including documentation, timeliness and unallowable expense issues, weakens financial controls and delays processing.**
 - 50% of travel authorizations (10) reviewed were not submitted timely (30 days in advance) and 20% lacked adequate supporting documentation.
 - One travel authorization contained an expense already incurred (airfare).
 - 30% of travel expense reimbursements (10) reviewed were submitted late (15 days from last date of travel).
 - One travel expense reimbursement (10) contained an unallowable expense resulting in an overpayment of \$581.99.
 - 80% of SGA-related travel authorizations (5) reviewed lacked adequate documentation and were not submitted to the Office of Student Services 60 days prior to travel or entered into PFSIN 45 days prior to travel.
 - 60% of SGA-related travel expense reimbursements (5) were submitted late.
- 3) Inconsistent adherence to policy in facility rentals (10) processes weakens financial and contractual controls.**
 - **Missing Required Documentation:** One agreement lacked required the Certificate of Insurance limiting CCC's ability to verify liability coverage.
 - **Incomplete Execution:** One agreement was not fully executed, contained missing signatures on the facilities use agreement.
 - **Billing Error:** One rental payment invoice number did not match the system invoice number.
 - **Reporting Error:** One facility rental event had the fee waived but was reported to the board as \$529 in revenue.
 - **Late Payments:** 70% of rental payments were not collected at least 10 days prior to the event.
- 4) Non-compliance with timely submittal of Daily Cash Receipts (DCR) reports increases the risk inaccurate or untimely financial information.**
 - 100% of DCR reports (10) reviewed were not submitted to DO Finance in a timely basis.