

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Wednesday, March 28, 2018 – 12:00 p.m.

- Present: Mr. Anthony J. Simonetta, Ms. Suzanne Biemiller, Mr. Jacob Eapen, Mr. Gim S. Lim, Mr. James P. Spiewak, Mr. Robert Lucas, Victoria Zellers Esq., and representing Grant Thornton: Mr. Brian Page and Ms. Angelica Roiz
- Not Present: Donald Generals, Ed.D., Mr. Matthew Bergheiser, Mr. Jeremiah White, & Representing the Meridian Group: Mr. Anthony B. Scott

AGENDA – PUBLIC SESSION

(1) Approve Minutes of Audit Committee Meeting on September 28, 2017 (Action Item):

Action: Mr. Simonetta asked for a motion to recommend acceptance of the September 28, 2017 Audit Committee meeting minutes (Attachment A). Ms. Biemiller made the motion. Mr. Simonetta seconded the motion. The motion passed unanimously.

(2) 2016-2017 Uniform Guidance Audit (Action Item):

Mr. Brian Page provided an overview of the audit approach, governance and management responsibilities, areas of focus and risk assessments. The audit process for determining programs to audit resulted in the auditors including just the Student Financial Assistance Cluster. Ms. Roiz mentioned that since they had reviewed a Career & Technical grant last year, it was not required to be included this year. Mr. Page then reviewed the results of the 2016-2017 Uniform Guidance Audit, using the draft audited financial statements and supplementary information included in Attachment B to these minutes. He reminded the board that this supplementary audit begins on page 73. The other pages were already presented at the previous meeting in September. He explained that the audit is a compliance audit, which examines Federal Funding. He indicated that Page 73 of the report provides a schedule of the College's federal awards expenditures. Ms. Roiz explained that there were 12 compliance requirements for each major program. Mr. Page stated that for each financial aid student selected in the sample, the auditors performed numerous tests to determine eligibility. They are also reviewed for proper submission of the Fiscal Operations Report and Application to Participate (FISAP) report and tested for cash management procedures.

Mr. Page reported that the College continues to have no material weaknesses or significant deficiencies as well as no issues of non-compliance. In short, the College has another clean audit this year.

The Powerpoint Presentation to the Audit Committee provided by Grant Thornton is included as an attachment to these minutes (Attachment C).

Action: Mr. Simonetta asked for a motion to recommend acceptance of the June 30, 2017 Uniform Guidance Audit Report. Ms. Biemiller made the motion. Mr. Simonetta seconded the motion. The motion passed unanimously.

(3) Internal Audit Update (Information Item):

Mr. Lucas provided an update on the 2016-2018 Internal Audit Plan (Attachment D). He provided a copy of a summary report of activities since the last Audit Committee meeting as well as a copy of the Internal Audit Plan for the two-year period ending June 2018 to the Committee members. Mr. Lucas stated that, since the last meeting, he had issued two draft audit reports to management. Two audits are in progress and he expects to issue the reports in April. They relate to business continuity and the second audit relates to systems administered outside ITS purview.

Mr. Lucas also noted that, since the first year of the two-year Internal Audit Plan is nearly over, he will be performing an informal risk assessment update by soliciting input from Cabinet members and senior managers to determine if there are any new or significantly changed functions that should be considered for possible addition to the remaining year of the Internal Audit Plan due to the risks associated with those changes. Mr. Lucas noted that any such changes he believes should be considered for inclusion in the Internal Audit Plan will be discussed with Dr. Generals, Mr. Eapen and Dr. Gay for their review and approval. Any such changes will be communicated to the Audit Committee at the June 2018 meeting.

Mr. Lucas also noted that he continues to work with management to obtain the status of previously issued audit comments. He provided an updated version of the Internal Audit Follow-Up Matrix to the Audit Committee, which included all audit report recommendations for which management's action plans are not yet completed as well as those for which management's action plans have been completed since the last Audit Committee meeting. The completed items are shaded in grey on the matrix and also indicate the work management has done to address the risks identified in their audited areas.

(5) Next Meeting:

The next meeting of the Audit Committee will be held in June 2018.

EXECUTIVE SESSION

GSM/Imh
Attachments

cc: Dr. Donald Generals, Jr.
Mr. Jacob Eapen
Mr. Robert Lucas
Mr. Jim Spiewak
Victoria Zellers, Esq.
Representing Grant Thornton: Mr. Brian Page & Ms. Angelica Roiz
Representing the Meridian Group: Mr. Anthony B. Scott

ATTACHMENT A
Minutes from September 28, 2017
Audit Committee Meeting

**MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Thursday, September 28, 2017 – 12:00 Noon
M2-34 Conference Room**

Present: Mr. Anthony J. Simonetta, Ms. Suzanne Biemiller, Mr. Matthew Bergheiser (*via telephone*), Mr. Jacob Eapen, Mr. Gim Lim, Mr. James P. Spiewak, Mr. Robert Lucas, Victoria Zellers, Esq.; and representing Grant Thornton: Mr. Brian Page and Ms. Angelica Roiz, and representing The Meridian Group: Mr. Anthony B. Scott (*via telephone*)

Not Present: Dr. Donald Generals, Jr. & Mr. Jeremiah White

AGENDA – PUBLIC SESSION

(1) Approve Minutes of Audit Committee Meeting on June 15, 2017 (Action Item):

Attachment A contains the minutes from the June 15, 2017 meeting. The Committee was asked to review and approve the minutes.

Action: Since there were no questions, Mr. Simonetta asked for a motion to recommend acceptance of the June 15, 2017 Audit Committee meeting minutes. Ms. Biemiller made the motion. Mr. Bergheiser seconded the motion. The motion passed unanimously.

(2) 2016-17 Fiscal Year Audit Report (Action Item):

Attachments B & C contain audit results for the 2016-2017 fiscal year. Mr. Simonetta asked the Committee if they have any questions or comments on the financial statements. Ms. Biemiller had a question on the flow of different funds and how they relate to the foundation revenues. Mr. Lim explained that the money is first recorded in the restricted fund and then moved to the unrestricted fund when it is spent. Ms. Biemiller also wanted some clarification on how the grant revenues and expenses are recorded on the College's statement. Mr. Page explained that grants that faculty secure are recorded as income in the restricted funds when received. Expenses are first paid out of unrestricted funds and money is then moved from the restricted funds to the unrestricted funds. Mr. Page confirmed that faculty grant expenses are kept separate from the Foundation's unrestricted dollars.

Since there were no questions, Ms. Roiz proceeded with the audit presentation.

Ms. Roiz began the discussion by reviewing the required communications, roles and responsibilities for the financial statements including the auditors' responsibilities, and those charged with governance and management responsibilities.

Ms. Roiz mentioned that the auditors discussed the specific areas where they were going to spend their time during the audit at the June 2017 meeting. There were no material changes to their audit approach presented at that time. She then asked the Committee whether they were aware of any fraud or suspected fraud or matters that are relevant to their audit that have not been disclosed. The answer was a unanimous 'No'.

Ms. Roiz then discussed the audit timeline and areas of focus of Grant Thornton's audit. Specifically, she mentioned materiality, reasonableness tests regarding tuition, deferrals, receivables and management's allowance for doubtful accounts, as well as State and City appropriations, valuation of investments and related earnings, and recorded pension liabilities.

Ms. Biemiller asked whether Grant Thornton had its own actuaries relating to the reporting of postemployment benefits to which Ms. Roiz said yes. Mr. Simonetta asked whether it was mainly to review the assumptions used in the computations. Ms. Roiz said yes and they also reviewed the most recent data for any changes.

Ms. Roiz then discussed the Information Technology portion of the audit. The audit team noted one finding that Ms. Roiz described as more of a recommendation. It did not rise to the level of significant deficiency or material weakness. During a two-week period when Mr. Lim was transitioning to his new role, he had system access to both financial aid and accounting modules. The auditors performed internal testing and noted no unusual access or transactions during this period.

Ms. Roiz presented the summary of audit adjustments. There were no significant audit adjustments; however, there was one past unrecorded audit adjustment relating to current and non-current accounting of a security deposit as outlined in the presentation. This adjustment was considered a balance sheet re-class and is considered immaterial to the College's financial statements.

Ms. Roiz then stated that there had been no disagreements with management in the preparation of the financial statements. The auditors were not aware of any consultations with other accountants that would impact their audit and there were no difficulties encountered in performing the audit. The audit team was very pleased with how helpful and quickly management responded to their questions and points of inquiry. She commented that they were able to perform an efficient and effective audit. They found no material weaknesses or significant deficiencies in the 2016-2017 financial statements.

Mr. Eapen mentioned that the Business Affairs Committee approved the creation of a contingent liability at the suggestion of a Board of Trustee member.

Several technical updates, projects, regulatory issues and upcoming accounting pronouncements were pointed out to the Committee, which are outlined in the presentation. Specifically, the new accounting pronouncements listed in Attachments B & C were briefly discussed focusing on GASB 75, 80 & 81. Under GASB 75, which is effective for fiscal years beginning after June 15, 2017, the College will be required to record the full value of other post-employee benefit liabilities in their entirety. Currently, the College is phasing this in over a thirty-year amortization period. Consequently, the College will have a large decrease in its net assets going once implemented.

Mr. Eapen added that the staff had a discussion with Moody's earlier and it was determined that the impact of GASB 75 should not affect the College's bond ratings.

Under GASB 80, the College had to re-evaluate the current presentation of the Component Unit Foundation to determine whether it should be blended into the College's financial statements for reporting purposes or continue to be presented separately. After a careful review of the Foundation's bylaws and governance and discussion with the Grant Thornton team, it was determined that the College is required to continue reporting the Foundation as a discrete unit.

Ms. Roiz then highlighted some industry updates regarding Moody's outlook on community colleges. Specifically, she mentioned that there is a stable outlook with modest net tuition growth; almost one third of small colleges generated operating deficits in FY2016, up from 20% three years ago.

Ms. Roiz provided a brief overview on GASB's future financial reporting model.

Ms. Roiz then concluded her presentation with a brief industry update. She noted that institutions are now more agile at meeting the challenges.

Action: Since there were no questions, Mr. Simonetta asked for a motion to recommend acceptance of the 2016-2017 report of the auditors. Mr. Bergheiser made the motion. Ms. Biemiller seconded the motion. The motion passed unanimously.

(3) Internal Audit Plan 2016-2018 Year Update (Information Item):

Mr. Lucas provided an update on the 2016-2018 Internal Audit Plan (Attachment D). He provided a copy of a summary report of activities since the last Audit Committee meeting as well as a copy of the Internal Audit Plan for the two-year period ending June 2018 to the Committee members. Mr. Lucas stated that, since the last meeting, he had issued one finalized audit report, has another audit report in the closing process and has an additional audit near completion.

Mr. Lucas also noted that he had issued a memo to management of internal control observations and recommendations related to a financial investigation he performed and reported to the Audit Committee at the previous meeting.

Mr. Lucas also presented to the Committee members the Internal Audit Follow Up Matrix. This spreadsheet lists previously issued audit recommendations, the related action plans to be performed by management and a target date for the actions. Mr. Lucas provided an overview of the matrix including the completion of a number of action plans

since the last meeting, and the need to extend target dates for some of the actions based on vendor issues, contract timelines and budget limitations.

(5) **March 2018 Meeting Date (Information Item):**

The next meeting of the Audit Committee will be scheduled in February 2018. At that time, the Committee will discuss the 2016-2017 A-133 audit report.

EXECUTIVE SESSION

During any Audit Committee meeting; Management, The Independent Auditors or the Internal Auditor may request an Executive Session to meet privately with the Audit Committee. The Committee met with both the Internal and Independent Auditors in Executive Session.

GM/lh
Attachments

cc: Dr. Donald Generals, Jr.
Mr. Jacob Eapen
Mr. Robert Lucas
Mr. Jim Spiewak
Victoria Zellers, Esq.
Representing Grant Thornton: Mr. Brian Page, Ms. Angelica Roiz
Representing the Meridian Group: Mr. Anthony B. Scott

ATTACHMENT C

Grant Thornton's

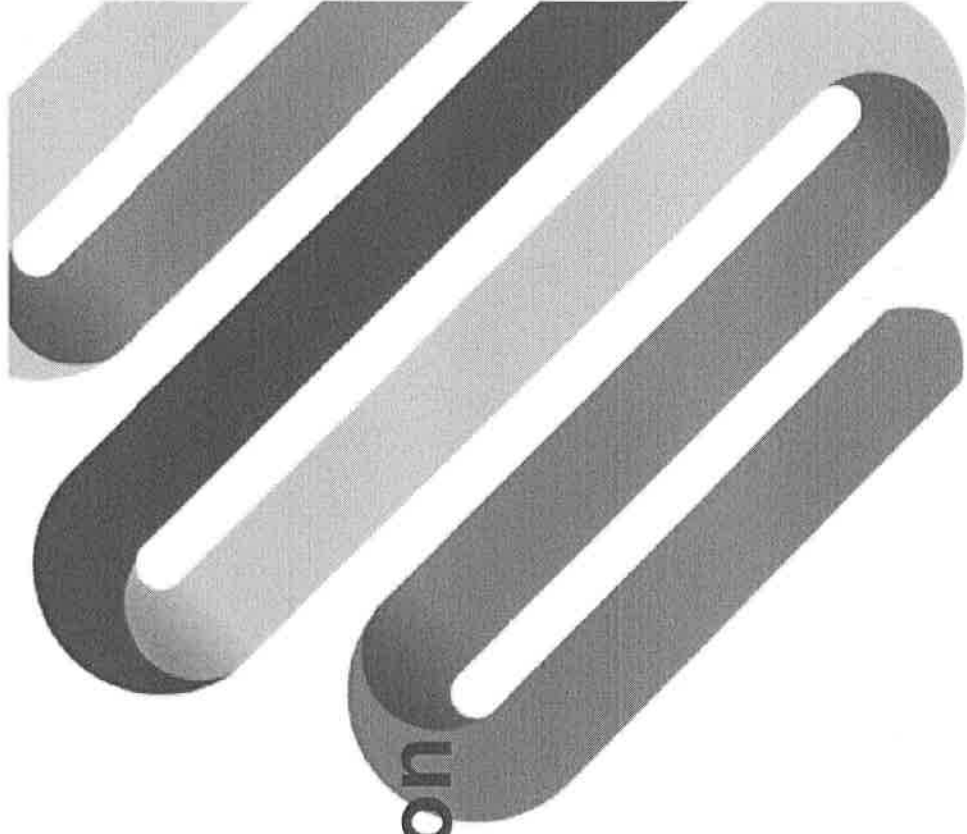
2017 Audit Presentation & Discussion



2017 Audit Presentation and Discussion

**Community College of
Philadelphia**

March 28, 2018

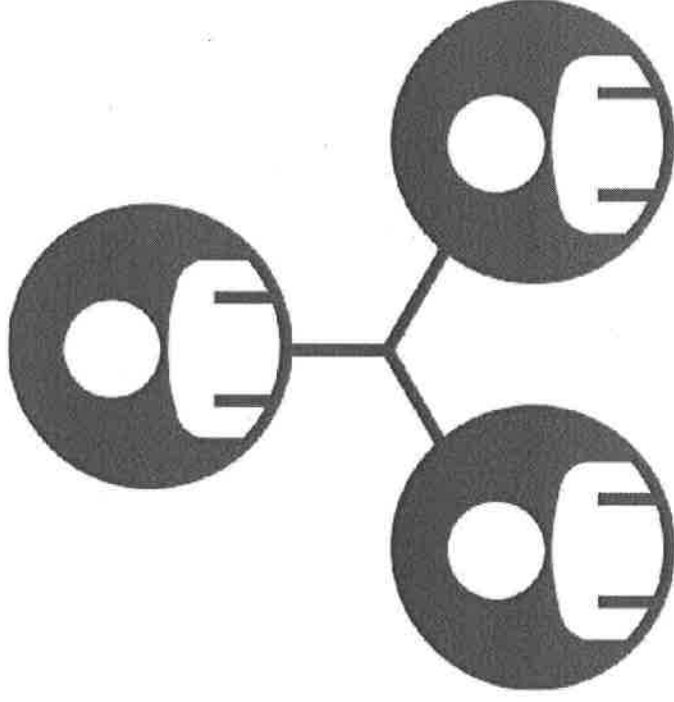


Our Values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



Our Responsibilities

We are responsible for:

- Performing an audit under US GAAS and *Government Auditing Standards* of the financial statements prepared by management, with your oversight
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US GAAP
- Forming and expressing an opinion about whether certain supplementary information, including the Schedule of Expenditures of Federal Awards (SEFA) is fairly stated in relation to the financial statements as a whole.
- Communicating fraud and abuse with regard to federal programs
- Reporting material noncompliance with federal awards requirements applicable to major programs audited under the Uniform Guidance requirements as well as significant deficiencies and/or material weaknesses in internal control over compliance
- Applying agreed-upon procedures based on criteria outlined by the Commonwealth of Pennsylvania Department of Education (PDE) in the Statement of Auditing and Accounting Standards for Community Colleges
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose.

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.



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Those Charged With Governance and Management Responsibilities

Those Charged with Governance are responsible for:

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the College's activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
 - Entity strategies and related business risks that may result in heightened risks of material misstatement
 - Matters warranting particular audit attention
 - Significant communications with regulators
 - Matters related to the effectiveness of internal control and your oversight responsibilities
 - Your views regarding our current communications and your actions regarding previous communications

Management is responsible for:

- Preparing and fairly presenting the financial statements including supplementary information such as SEFA (Schedule of Expenditures of Federal Awards) in accordance with US GAAP
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting and compliance with federal grant requirements
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Informing us of subsequent events
- Providing us with written representations



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Materiality

Materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is ordinarily evaluated against relevant financial statement benchmark(s).

- We believe total expenditures for each major program are the appropriate benchmarks for the Single Audit

Financial statement items greater than materiality are within our audit scope. Other accounts or classes of transactions less than materiality may be in our scope if qualitative risk factors are present (for example, related party relationships or significant unusual transactions).



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Areas of Focus for Single Audit

The following provides an overview of the major programs tested this year; it has been determined based on a preliminary schedule of expenditures of federal awards. This is subject to change after a final schedule of federal awards is provided.

Major program	2017	2016	2015
Student financial aid	X	X	X
R&D			X
Career & technical education – basic grants to states (CFDA 84.048)		X	



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Views of those charged with governance

Discussion points

- Risks of fraud
- Awareness of fraud
- Awareness of related party transactions; understanding of purpose of related party transactions
- Awareness of whistleblower tips or complaints
- Oversight of management's risk assessment process
- Views about the College's objectives and strategies and related risks of material misstatement
- Awareness of any internal control matters and views about management's response
- Oversight of financial reporting process
- Actions taken in response to developments in law, accounting standards and corporate governance matters
- Actions in response to our previous communications, if any



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Significant Risks

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Compliance with Uniform Guidance	<p>Perform compliance and controls procedures in accordance with the Uniform Guidance Requirements, including:</p> <ul style="list-style-type: none">• Planning, identification of major federal programs and risk assessment.• Reviewing the respective federal compliance supplements and, as applicable, the specific grant/award agreements and documenting the applicable compliance requirements.• Documenting/updating internal controls over compliance for each of the respective major federal program(s) or cluster(s).• Testing compliance and internal controls over compliance for each direct and material compliance requirement over each major federal program.<ul style="list-style-type: none">• There are 12 compliance requirements for each major program. Of these, typically 6-8 have been direct and material to each major program or cluster.• Consistent with prior years, we audited compliance associated with the federal Student Financial Assistance (SFA) Cluster.• Required to test a minimum of 40 items for larger populations (250 transactions or more) or at least 10% of smaller populations for each direct and material compliance requirement. That is, 40 items for compliance and 40 items for controls. Dual purpose testing was employed whenever possible.• Testing the reconciliation of the schedule of expenditures of federal awards to the respective amounts included within the basic consolidated financial statements.



Significant Risks - continued

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Compliance with Uniform Guidance (continued)	<ul style="list-style-type: none">• Assessing completeness of disclosures related to the federal schedule of expenditures.• Rendering respective independent auditor opinions.• Preparing the appropriate sections of the federal Data Collection Form submitted to the Federal Audit Clearinghouse.



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Commitment to Promote Ethical and Professional Excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and internet-based hotline system.

The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

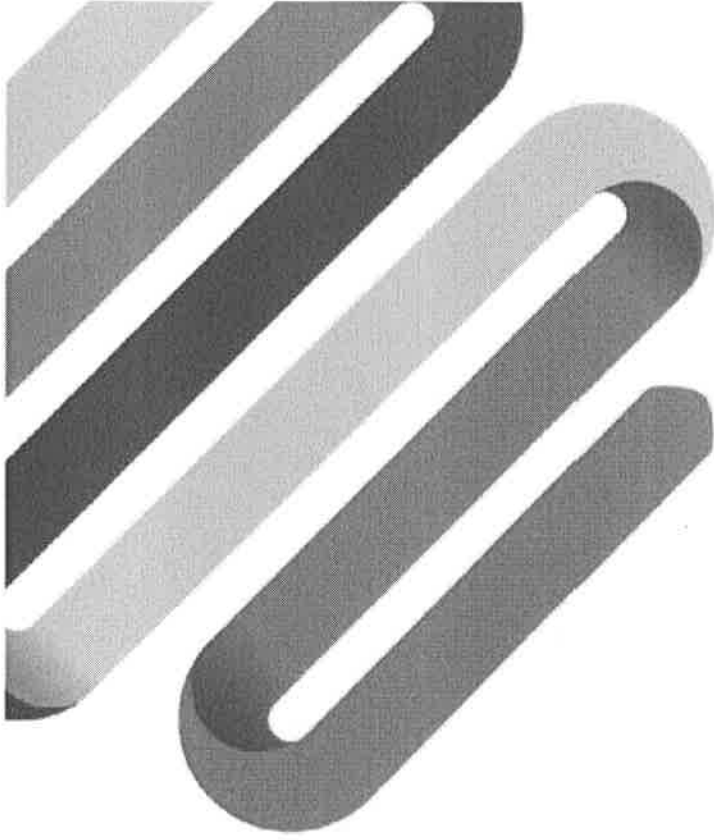
The EthicsPoint URL link can be accessed from our external website or through this link:

https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191

Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.



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Audit Wrap Up Presentation

Technical Updates – GASB

Selected pronouncements effective for the year ending June 30, 2018 or subsequent periods - GASB

Title	Effective date
GASB 75- Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions	Periods beginning after June 15, 2017
GASB 81- Irrevocable Split-Interest Agreements	Periods beginning after December 15, 2016
GASB 83- Certain Asset Retirement Obligations	Periods beginning after June 15, 2018
GASB 84- Fiduciary Activities	Periods beginning after December 15, 2018
GASB 85- Omnibus 2017	Periods beginning after June 15, 2017
GASB 86- Certain Debt Extinguishment Issues	Periods beginning after June 15, 2017
GASB 87- Leases	Periods beginning after December 15, 2019



GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

Summary	Potential impact
<ul style="list-style-type: none"> • GASB 75 replaces the requirements related to OPEB accounting and reporting currently provided in GASB 45 and 57 • GASB 74 established new accounting and financial reporting requirements for the financial statements of the state and local government OPEB plans • State and local governments providing defined benefit OPEB plans administered through a trust meeting certain criteria must report a net OPEB liability on the face of their financial statements, similar to the requirement to report the net pension liability in accordance with GASB 68. • Provides a more comprehensive measure of OPEB expense than is currently required, which better reflects when the benefit cost is incurred. • Requires more extensive disclosures and required supplementary information • Effective for fiscal years beginning after June 15, 2017, with early adoption encouraged. Similar to adoption of GASB 68 (Pensions), retrospective adoption is required. 	<p>Universities with OPEB plans will most likely need to reflect an obligation related to their proportionate share of the unfunded liability related to OPEB, similar to the recognition of a pension liability in connection with the adoption of GASB 68. As with GASB 68, extensive planning and discussions among all parties (university management, state government contacts and others) is critical to a successful adoption. Universities should begin to evaluate the information needed to adopt the guidance as a significant portion of that information may come from state or other related entities. Because many plans are "pay as you go," the impact of recording this liability could be significantly greater than the recognition of a pension liability, where there may have been existing plan assets to partially offset the liability.</p>



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GASB Statement 81, Irrevocable split-interest agreements

Summary	Potential impact
<ul style="list-style-type: none"> • Scope includes irrevocable split-interest agreement giving arrangements for which the government is the intermediary (trustee or agent) and a beneficiary, as well as beneficial interests in resources held and administered by third parties • Guidance establishes accounting for Lead Interests (government is a recipient of payments during the term of the agreement) and Remainder Interests (government is the beneficiary when the agreement terminates, and makes payments to non-government beneficiary – typically the donor or designee of the donor- during the term of the agreement) as well as life-interest in real estate and charitable annuity gifts. • Accounting requires recognition of an asset, liability and deferred inflow. When assets are held by third parties, the recognition will be an asset and a deferred inflow, with no need for a corresponding liability. There will be an annual re-measurement in subsequent periods. • Effective for periods beginning after 12/15/2016, with early adoption permitted. Retroactive application should be applied. 	<p>Because there has been some diversity in practice related to accounting for irrevocable split-interest agreements, some universities may need to reflect new accounting, primarily the recognition of deferred inflows, associated with these arrangements. Management should inventory the current agreements in place to determine the impact of this standard on current accounting and reporting. This may involve interaction with development colleagues to ensure a complete list of agreements is identified.</p>



GASB Statement 83, Certain Asset Retirement Obligations

Summary	Potential Impact
<ul style="list-style-type: none"> • Objective is to develop requirements on recognition and measurement for asset retirement obligations (ARO), other than landfills (GASB 18) or pollution remediation obligations (GASB 49), such as nuclear power plants and sewage treatment facilities • The pronouncement addresses the following: <ul style="list-style-type: none"> - Establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources when a governmental entity has a legal obligation to perform future asset retirement activities related to its tangible capital assets - Proposes capitalization of the ARO as a deferred outflow of resources, to be amortized in a systematic and rational manner (such as the straight-line method), generally over the life of the related asset giving rise to the obligation - Requires disclosures regarding governmental entity legal requirements to provide funding or other financial assurance for their performance of asset retirement obligations (e.g., how are those requirements being met) as well as nature and timing of AROs, method used to determine the estimated liability and useful life of the associated tangible asset. • Effective for periods beginning after June 15, 2018. Earlier application is encouraged. 	<p>Similar to the efforts Universities underwent when adopting GASB 49, management should inventory any activity whereby there is a related obligation to dispose of certain assets subject to regulatory and legal requirements. With that list, management must calculate the expense of that effort and track it annually. The effort to inventory these assets/costs may require input from facilities and potentially other areas of the University and the process to estimate costs of future events may also require assistance from facilities and other departments.</p>



GASB Statement 84, *Fiduciary Activities*

Summary	Potential Impact
<ul style="list-style-type: none"> • Guidance addresses the following: <ul style="list-style-type: none"> - The categorization of fiduciary activities for financial reporting - How fiduciary activities are to be reported - When liabilities to beneficiaries must be disclosed • Types of fiduciary funds that must be reported include the following: <ul style="list-style-type: none"> - Pension (and other employee benefit) trust funds - Investment trust funds - Private-purpose trust funds - Custodial funds • A government controls the assets of an activity if it holds the assets or "has the ability to direct the use, exchange or employment of the assets in a manner that provides benefits to the specified or intended recipients" • Fiduciary activities must be disclosed in the basic financial statements of the government entity and a statement of fiduciary net position and changes in fiduciary net position should be presented (unless the period of custody is less than three months). • Effective for periods beginning after December 31, 2018, with early adoption encouraged. 	<p>Universities often will agree to act as a fiduciary for certain third party organizations that might be somehow affiliated to the university (such as student clubs, alumni clubs, or other such organizations). Under this new requirement, the University must report the fiduciary activity on its financial statements, where it may not have done so in the past. Management should identify which fiduciary activities it is engaged in to inventory the relationships which may need to be reported. Management may want to consider changing the terms of the relationships such that they are not subject to reporting on the financial statements of the University when the requirement becomes effective.</p>



GASB Statement 86, Certain Debt Extinguishment Issues

Summary	Potential Impact
<ul style="list-style-type: none"> The purpose of this guidance is to achieve consistency regarding accounting for the defeasance of debt irrespective of the source of funds set aside in an irrevocable trust for the purpose of funding the remaining debt (source of funds could be proceeds from a refunding arrangement or existing sources within the governmental entity). New guidance clarifies the accounting for debt extinguishment when the source of the assets to be set aside in an irrevocable trust is existing resources rather than refund proceeds. When all of the other criteria for in-substance defeasance are in place, the debt is removed from the statement of net position and is disclosed in the footnotes in either scenario. GASB 86 also requires that any remaining prepaid insurance related to the debt being extinguished must be included in the net carrying amount of that debt (to determine gain or loss on refunding). Disclosures include a description of the transaction in the related period and remaining amounts outstanding in each subsequent period that the debt remains outstanding. Effective for periods beginning after June 15, 2017, with early adoption encouraged. Changes to adopt this standard should be applied retroactively. 	<p>Depending on how universities fund the irrevocable trust related to debt extinguishments, the new standard may create additional situations where debt will be "removed" from the statement of net position, and disclosed in the footnotes to the financial statements. For universities considering future refundings, there is no longer a distinction in the accounting if the source of funds to be placed in an irrevocable trust are from existing resources or refunding arrangements.</p>



GASB Statement 87, Leases

Summary

- The GASB recently issued guidance which resembles the recently issued FASB guidance on leases.
- To determine whether a lease exists, a government should assess whether it has both:
 - 1) The right to obtain the present service capacity from use of the underlying asset as specified in the contract, and
 - 2) The right to determine the nature and manner of use of the underlying asset as specified in the contract
- For Lessees:
 - In general, all leases will be reported on the statement of net position (the distinction between operating and capital leases is no longer relevant) as a "right of use" asset and a corresponding lease liability within long term debt
 - On the statement of changes, rent expense will be replaced by amortization expense of the right-of-use asset as well as interest expense on the lease liability (thus accelerating expenses in the beginning years of the lease term)
 - There is an exemption for short term leases (those with a term of 12 months or less, including extension options) as well as leases that transfer ownership at the end of the term
 - Disclosures regarding matters such as total leased assets by major class of underlying assets and related accumulated amortization (in total), principal and interest payments for each of the five subsequent fiscal years and in five year increments thereafter and commitments under leases before a lease commencement period, among other items
- Effective for periods beginning after December 15, 2019, with early adoption encouraged. Existing leases will be adjusted based on the remaining lease payments as of the beginning of the period of adoption or beginning of any earlier periods restated (for example, for June 30 year ends, adoption is June 30, 2021 so the beginning period is July 1, 2020).



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GASB Statement 87, Leases (continued)

Potential Impact

For those universities which use operating leases to finance certain capital activities, this standard could have a significant impact on the financial statements of the University upon adoption. Management should consider the impact on financial covenants, as well as ensuring a complete inventory of existing leases that will be subject to the new accounting and disclosures.



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GASB projects

Project	Timing
Financial Reporting Model- Reexamination of Statements 34, 35, 37, 41 and 46, and Interpretation 6	Evaluation of feedback from Invitation to Comment in process, planned issuance of final standard in 2022.
Debt disclosures, including Direct Borrowing	Final draft expected to be issued in March 2018
Revenue and expense recognition	Initial deliberations, with an Invitation to Comment expected in early 2018.
Recognition (conceptual framework)	GASB is redeliberating on results from comments on preliminary views
Capitalization of Interest Costs	Exposure draft available for comment through March 2018, with a final statement expected in June 2018
Conduit Debt- Reexamination of Interpretation 2	Recently added to the agenda
Equity Interest Ownership Issues	Exposure Draft comment period recently ended, currently in redeliberations, with final statement expected August 2018
Implementation Guide- GASB 84 (Fiduciary Activities)	Material for Guide in development, final Guide expected to be available in May 2019
Implementation Guide- GASB 87 (Leases)	Material for Guide in development, no current date for release is available



GASB major project – Financial Reporting Model

Summary	Potential impact
<ul style="list-style-type: none">• GASB is revisiting its reporting model established in GASB 34 and 35, as well as other GASB standards, following the FASB project to revisit the reporting model of NFP entities.• Although there is general consensus that most of the components of the financial reporting model are effective, the Board determined that there is a need to update guidance related to several categories, focusing on the following:<ul style="list-style-type: none">- MD&A- Government-wide financial statements- Major funds- Governmental fund financial statements- Proprietary fund and business-type activity financial statements- Fiduciary fund financial statements- Budgetary comparisons• Other options to permit more timely and less complex financial reporting will be explored in conjunction with other topics• The Board is redeliberating based on feedback from invitation to comment and public meetings. Tentative timing for issuance of final guidance is projected to occur in 2022.	<p>Similar to the significant impact on reporting and disclosures when GASB 34 and 35 were issued, this proposed guidance could have sweeping effects on the reporting and disclosures by public colleges and universities. Depending on how much the GASB looks to what is being done by the FASB on the NFP reporting model, there could be an increase in comparability between the two types of entities that currently use very different reporting models.</p> <p>Three of the business type activities issues that the GASB is considering that are particularly relevant to public universities are guidance on the operating indicator, MD&A and extraordinary and special items.</p>



GASB major project – Revenue and Expense Recognition

Summary	Potential impact
<ul style="list-style-type: none"> • Three primary areas of focus of the project are as follows: <ol style="list-style-type: none"> 1. Common exchange transactions not specifically addressed in existing GASB guidance <ul style="list-style-type: none"> ➢ Project plans to develop guidance or improve existing guidance regarding <ol style="list-style-type: none"> i. Exchange and exchange-like transactions having single elements ii. Exchange and exchange-like transactions having multiple elements iii. The differentiation between exchange-like and non-exchange transactions 2. Post-implementation review of GASB 33 and 36 <ul style="list-style-type: none"> ➢ Areas to be considered include: <ol style="list-style-type: none"> i. Distinguishing between eligibility requirements and purpose restrictions ii. Determining when a transaction is an exchange or a nonexchange transaction iii. Using the availability period concept consistently across governments iv. Applying time and contingency requirements 3. Development of GASB conceptual framework <ul style="list-style-type: none"> ➢ GASB 33 and 36 were developed prior to key parts of the conceptual framework, such as defining deferred inflows and outflows ➢ An evaluation of the recognition of non-exchange transactions against the conceptual framework is necessary • Invitation to Comment has been issued, with a comment period through April 2018. Current projected release of a final statement is March 2023. 	<p>As it relates to recognition of exchange and non-exchange transactions such as grants vs gifts vs contracts, there continues to be an element of judgment and interpretation of existing GASB and FASB guidance. This project could impact the current practices of higher education institutions as it relates to revenue recognition.</p>



GASB major project – Debt Disclosures, Including Direct Borrowings

Summary	Potential impact
<ul style="list-style-type: none"> • Primary objective is to define debt, to distinguish it from other long-term liabilities in applying disclosure requirements, as well as to evaluate whether the disclosures related to long-term debt should also be applied to short-term debt and whether additional disclosures related to debt might be useful to a financial statement user. • The following issues will be considered: <ol style="list-style-type: none"> 1) Although existing standards require specific disclosures for long-term and short-term debt, debt is not defined for financial reporting purposes. Which liabilities should be considered debt for disclosure purposes? 2) Current requirements for short-term debt include (1) providing a schedule of changes in short-term debt outstanding and (2) disclosing the purpose for which the short-term debt was issued. What additional disclosures, if any, should be required? 3) Current requirements do not specifically address direct borrowings. Should specific disclosures related to direct borrowings be required? • Current projected release of a final statement is March 2018. 	<p>Depending on the amount of information currently disclosed as it relates to debt, higher education institutions may find themselves having to augment existing footnotes to comply with the standard, specifically as it relates to direct borrowings, lines of credit, and other debt instruments.</p>



GASB pre-agenda research

Topics

- Going concern disclosures
- Information technology arrangements, including cloud computing
- Note disclosures reexamination
- Public-private partnerships, including reexamination of Statement 60



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ATTACHMENT D

2016-2018 Internal Audit Plan Status

COMMUNITY COLLEGE OF PHILADELPHIA

Date: March 28, 2018
To: Audit Committee Members
From: Robert Lucas, Internal Auditor
Subject: Internal Audit – Plan Status and Other Information
Copies: Donald Generals, Judith Gay, Jacob Eapen, Victoria Zellers

Since the last Audit Committee meeting, the following audit work has been performed:

- Draft internal audit reports in the closing process include:
 - Disaster Recovery Plan
 - DACE CBO Remote Sites (2017 / 2018)
- Audits in progress to be completed shortly:
 - Business Continuity (Emergency Operations) Plan
 - Non-ITS Administered Programs
- Completed a full update of the Internal Audit Follow Up Matrix (provided at this meeting).

* * * * *

Community College of Philadelphia
Internal Audit Plan - July 1, 2016 to June 30, 2018

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage
Financial Audits				
Colonial One Card	L	Determine controls over prepaid card program	2017	
Check Requests - Vendors	L	Verify controls for payments to vendors	2018	
Check Requests - Employees	L	Verify controls for reimbursements to employees	2018	
Purchasing Cards	M	Determine compliance with purchasing card policies	2018	
403(b) Transactions *	L	Determine controls over payments to retirement savings vendors	2018	
Investigation 4/17 - Related Controls	N/A			7
Operational Audits				
Royalty Payments from Publishers	N/A	Determine controls and procedures related to textbook selection process and funds received from publishers	2017	7
403(b) Administration *	L	Determine controls over employee requests related to retirement savings	2018	
Part-Time Faculty Medical Benefits	L	Determine controls and accuracy of only benefit funded entirely by staff	2017	
Business Continuity Plan	M	Determine management's level of preparation for business interruption	2017	4
Pell Grants - Appeal Process for Academic Progress	M	Determine compliance with requirements	2017	2
Veterans' Resource Center	M	Compliance with Veterans' Education Benefits Laws	2018	
Off Campus Programs - DACE, Workforce Development	M	Ensure risks are controlled / minimized in remote locations	2017	6
			2018	5
Compliance				
50th Anniversary Scholarship Program	M	Determine compliance with requirements	2017	
Family Educational Rights and Privacy Act	M	Compliance with FERPA regulations	2017	2

Community College of Philadelphia
Internal Audit Plan - July 1, 2016 to June 30, 2018

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage
State Recruiting Regulations	M	Determine compliance with regulations / restrictions	2017	
Family Medical Leave Act	L	Determine compliance with policies, procedures and regulations	2018	
Residency Verification	L	Compliance with procedures and controls to pay tuition based on residency	2018	
Forgivable Loans	L	Compliance with procedures and controls for such loans	2018	
Clery Act	M	Compliance with law and required disclosures	2017	1
IT Audits				
Disaster Recovery Plan	M	Determine adequacy of readiness and periodic testing	2017	5
Non-ITS Administered Software Programs	M	Determine adequacy of administration controls	2017	1
Network Security	L	Determine adequacy of controls for systems access	2018	
Administrative				
Investigation 4/17	N/A			Complete
Follow Up on Prior Issues			Ongoing	
Committee Meetings (Grants, Data Breach, EMT, external audits/reviews)			Ongoing	

Stage:

Risk Assessment / Planning	1
Announcement / Contact	2
Opening Meeting Held	3
Fieldwork	4
Draft Report Issued	5
Closing Meeting Held	6
Final Report Issued	7

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
22 10/25/2013	Title IX Samuel Hirsch	Internal Audit recommends departmental procedures be documented to help ensure compliance with Title IX, as well as the continuity of such procedures.	6/30/14 9/30/17 10/31/17	Procedures related to processes for sexual harassment and for equity in the sports program will be documented by 6/30/14. Title IX language will be included in the Athletics section of the Student Handbook as well as in the Athletics Handbook. Procedures have been documented. The Student Handbook has been updated with language approved by General Counsel. Revised Athletic Handbook will be printed in July 2017 for distribution to athletes beginning with the fall 2017 semester. Handbook has been ordered as of 9/27/17 and delivery expected soon with distribution to student athletes as soon as received. Handbooks were received and available for distribution to new College athletes on 9/29/17.
45 12/8/2015	ADA / Center on Disability Joan Bush	Internal Audit recommends that the Center on Disability follow the advice expected shortly from the Data Breach Committee in regard to personal identifiable information, especially SSNs, obtained in the processes for adjudicating student requests for accommodations.	2/29/16 6/30/17 (Update of Progress) 12/22/17 (Status Update) 6/15/18 (Status Update)	A database designed to manage data on students with disabilities will be reviewed with IT for implementation. No SSN's numbers will be included in the database. Target date for completion is February 29, 2016. In its 2016-2017 budget, COD management has requested a stand-alone database to manage the online information related to accommodations requested by students. Target date is TBD. An external ADA review was performed in 2018 which concurred with the recommendation for a COD database. Senior management is now reviewing this need and upon approval, a timeline for the purchasing and implementation of this database will be established. Target date remains TBD.
49 4/21/2016	Library Hold Releases Joan Bush	ITS should have full administrative rights to the Millennium program. Senior management should determine whether such rights are shared with library managers.	12/31/16 7/1/17 (Update of Progress) 12/22/17	Library management is currently retaining administrative rights to Millennium but is consulting with ITS to help ensure appropriate access for library staff. Administrative rights are expected to be transferred to ITS when a new (requested) library system is obtained. RFP for new ILS was posted December 15, 2016. Target date for implementation date is no later than July 1, 2017. ITS administrative role is to be determined before that date. Target date new ILS implementation is now 12/22/17. ITS administrative role will be determined before that date. The implementation of the new ILS system, Alma, occurred as scheduled and security profiles have been established including full administrative rights for ITS, although ESS is retaining primary administrative rights (including a backup) within the library services' management staff.

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
50	4/21/2016 Library Hold Releases Joan Bush	If library staff retain the ability to release holds for fines and lost books, reconciliations of cash collected to released holds must be performed periodically and reviewed by management. Any differences must be investigated and resolved.	12/31/16 7/1/17 (Update of Progress) 12/22/17 6/15/18 (Status Update)	Management has convened a team to review the current processes and controls. Potential changes include transferring certain controls to the Bursar's group which will eliminate the need for reconciliations between Millennium records (fines released) and Banner records (cash collected). An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17 which have interfaces to update Banner records on a timely basis. Fines are expected to be eliminated under new library policies any necessary payments will be directed to the Bursar. Target date new ILS implementation is now 12/22/17. The implementation of the new ILS system, Alma, occurred as scheduled. Library fines have been eliminated. Borrowers will be charged for lost / unreturned materials. A draft process including replacement cost methodology has been developed and must be approved by management. Procedures for transferring charges to the Bursar remain to be addressed.
53	4/21/2016 Library Hold Releases Joan Bush	There is limited information transferred from Millennium to Banner. Library management should determine if exact amount of fines can be transferred which will support reconciliations between the systems.	12/31/16 7/1/17 (Update of Progress) 12/22/17	Management has convened a team to review the current processes and controls. Potential changes include transferring certain controls to the Bursar's group which will eliminate the need for reconciliations between Millennium records (fines released) and Banner records (cash collected). An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17 which have interfaces to update Banner records on a timely basis. Fines are expected to be eliminated under new library policies any necessary payments will be directed to the Bursar. Target date new ILS implementation is now 12/22/17. The elimination of fines for materials returned late was approved by senior management so this concern is no longer applicable.
54	4/21/2016 Library Hold Releases Joan Bush	Management should review the dollar amounts of fines and maximums per book to ensure the amounts correlate to the values of borrowed books.	12/31/16 7/1/17 (Update of Progress) 12/22/17 6/15/18 (Status Update)	Management has convened a team to review the current fines and lost book charges and propose changes as appropriate to help streamline this process. Library staff and faculty are developing a proposal for a new borrowing policy by January 13, 2017. Proposal will require senior management approval. Target date new ILS implementation is now 12/22/17. The implementation of the new ILS system, Alma, occurred as scheduled. Library fines have been eliminated. Borrowers will be charged for lost / unreturned materials. A draft process including replacement cost methodology has been developed and must be approved by management.

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
4/21/2016	Library Hold Releases Joan Bush	ESS management should review system access periodically to ensure access rights are appropriate for the various positions in the library.	12/31/16 7/1/17 (Update of Progress) 12/22/17	<p>Millennium system access has been modified with only a few senior staff having the ability to change any records. All other staff have read-only access. A new (requested) ILS system will support efficient periodic review of staff access to the system with profiles designed with ITS assistance.</p> <p>An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17. Access rights for the new system will be determined by Library management and reviewed by ESS management.</p> <p>Target date new ILS implementation is now 12/22/17.</p> <p>The implementation of the new ILS system, Alma, occurred as scheduled and security profiles have been established which clearly assign functions to staff based on their job duties within library services.</p>
4/21/2016	Library Hold Releases Joan Bush	There are too many library staff with system access which include functions which could negatively impact the entire system and its database of records.	12/31/16 7/1/17 (Update of Progress) 12/22/17	<p>Millennium system access has been modified with only a few senior staff having the ability to change any records. All other staff have read-only access. A new (requested) ILS system will support efficient periodic review of staff access to the system with profiles designed with ITS assistance.</p> <p>An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17. Access rights for the new system will be determined by Library management and reviewed by ESS management.</p> <p>Target date new ILS implementation is now 12/22/17.</p> <p>The implementation of the new ILS system, Alma, occurred as scheduled and security profiles have been established which clearly assign functions to staff based on their job duties within library services.</p>
4/21/2016	Library Hold Releases Joan Bush	There are too many library staff with system access which includes the ability to modify accumulated fines.	12/31/16 7/1/17 (Update of Progress) 12/22/17	<p>Millennium system access has been modified with only a few senior staff having the ability to change any records. All other staff have read-only access. Management is developing appeal procedures which will govern when fines will be modified, who will approve such changes and how they will be documented.</p> <p>An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17 which have interfaces to update Banner records on a timely basis. Fines are expected to be eliminated under new library policies any necessary payments will be directed to the Bursar.</p> <p>Target date new ILS implementation is now 12/22/17.</p> <p>The implementation of the new ILS system, Alma, occurred as scheduled and security profiles have been established which clearly assign functions to staff based on their job duties within library services. Library fines have also been eliminated for materials returned late.</p>

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
4/21/2016	Library Hold Releases Joan Bush	The process for backing up information for library fines is antiquated and subject to loss of the records.	12/31/16 7/1/17 (Update of Progress) 12/22/17	Backup tapes of Millennium Tapes are being given to the ITS department every two weeks. Once a month, ITS will store the backups at Iron Mountain. Any new ILS system will provide digital backup records to address this issue. An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17 which will have programmable, digital backup features. Target date new ILS implementation is now 12/22/17.
5/25/2016	ITS Physical Security Gary Bixby	ITS and Facilities management should take appropriate steps and plans to reduce the risks associated with connectivity rooms left wide open.	6/30/17 6/30/18 9/15/18 (Status Update)	ITS management noted that a plan to move the connectivity hardware to a separate room. ITS management states that the project has again been included and approved in the capital budget for the 2016-2017 fiscal year although they do not know when construction will begin. The project has been re-scheduled for the Spring/Summer of 2018. The current IT Closet has been locked down at the WERC campus and is no longer used by custodians or others. An alternative space for this ITS connectivity room has been included in a larger project for this regional center. Consequently, the project has been re-scheduled for the fall semester of 2018.
5/25/2016	ITS Physical Security Jody Bauer Randy Merced	The doors to the rooms which house connectivity equipment should have electronic locks to limit access and record who enters the rooms.	12/31/16 6/30/17 (Update of Progress) 12/31/17 (Update of Progress) 9/15/18 (Status Update)	ITS and the Safety and Security Departments are currently engaged in a long term project to reprogram electronic door locks so that they will work with the current CBord system. As of August 2016, second and third floor door locks in CBI have been migrated to CBord and licensing is in place on server. Awaiting direction from Safety and Security for plans for other door locks. Update from management as of 12/21/2016: All CBI doors have been converted to CBord. Door repairs for some double door issues are pending. Door repairs have been addressed. New electronic locks are expect to be installed on the remaining three ITS server rooms deemed critical by the start of the fall 2018 semester.

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
5/25/2016	ITS Physical Security Randy Merced	In order to strengthen the controls over physical security across the College's campuses, management should consider additional video cameras at locations which will help security monitor rooms housing connectivity equipment as a preventative control. Management should also consider an additional camera outside the Mint tunnel entrance based on the room's use for both connectivity and as a staging area for new equipment.	12/31/16 6/30/17 (Update of Progress) 12/31/17	Management has just (May 2016) selected a consultant who will be reviewing the current video camera and recording systems across all College locations. Wiring for an additional camera outside the Mint tunnel entrance has been installed although a camera has not yet been installed. Camera inside MG-6 is now functional and an additional camera has been installed in the tunnel outside of the same room. Camera consultant review is in progress. Management is focusing on enhanced Chord training for designated employees, as recommended by the consultant, before moving forward with the RFP process related to video camera recommendations. A contract for an upgrade to the CCTV security camera system, including additional cameras, is in place with work expected to be completed by 12/31/17. Two new CCTV cameras were installed in March 2018 which, in conjunction with ones previously in place, provide video coverage, including recording, of all six critical ITS server rooms.
5/25/2016	ITS Physical Security Gary Bixby	Management should consider installing additional gaseous systems in rooms which have significant risk of business and classroom interruption based on the type of equipment in the connectivity rooms.	6/30/17 (Update of Progress) 4/30/18 9/15/18 (Status Update)	Management has decided to upgrade the fire suppression systems from sprinklers to gaseous systems in three rooms deemed critical due to the nature and value of electronic equipment in those rooms. Specifically, upgrades in rooms B2-39, MG-6A and W1-E1 have been included in the budget for the 2016-2017 fiscal year and, as such, should be completed by June 30, 2017. Update as of 12/21/2016: Phase One: The 3 CRITICAL Closets (MG-6A, B2-39, W1-E1) are pending the release of the RFP for installation of the FM200 fire suppression systems. Phase 2: Time and funding permitting the regional center IDF's will be addressed later for gaseous fire suppression. The scope of work for this project has been completed. RFP is expected to be posted by 10/4/17 with work to be completed by 4/30/18. RFP's have been issued. Work is expected to be performed over the summer 2018 and completed by the start of the fall semester.

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
5/3/2016	Remote Sites of DACE CBO Program David Thomas	Internal Audit recommends that DACE management develop a process to provide a substitute supervisor when such absences occur or are requested.	9/1/16 4/30/17 10/31/17 5/31/18 (Responses for 2018 Draft Report)	The College and the CBOs have an understanding that the CBO administrator will ensure that the DACE students remain in designated areas, that the course ends on time and that DACE students leave the site in accordance to standard procedures. Management will document this and formally communicate this with the CBOs again before the fall semester. In the rare event that site supervisors may have to leave early and the CBO's designated administrator is unable to fulfill these duties, the class(es) will be dismissed. Internal Audit will follow up on these plans during the spring 2017 audit of this subject. A revised management response in the 2017 / 2018 CBO Visits audit report will address the status of this action.
5/3/2016	Remote Sites of DACE CBO Program David Thomas	Internal Audit recommends that Safety and Security management determine that the site supervisors are aware of the emergency procedures for their respective facility. The emergency procedures for each facility should be documented and provided to the site supervisors each semester based on the assignment of site supervisors.	9/1/16 10/31/17 5/31/18 (Responses for 2018 Draft Report)	Management will contact the Dean of the DACE group to coordinate our assessments of the plans at each CBO location. To ensure the College's site supervisors understand the plans at each site and communicate them to the instructors and students, we expect to visit to these sites at the beginning of each semester beginning with Fall 2016. Safety and Security management met with directors at both sites in fall 2016 and observed briefing of students at one location in fall 2016. Emergency plan briefings to the CBO classes will be confirmed or provided by Safety and Security management at the beginning of each semester beginning fall 2017. Security & Safety management have requested that each division provide their remote site staff with safety instructions including references to new CCP online resources. This request will be discussed with affected division VPs and final resolution / action plans with be included in 2017 / 2018 CBO Visits audit report.
6/8/2017	Royalty Payments from Publishers Sam Hirsch	Internal Audit recommends that the Academic and Student Success Division document their understanding of how the remaining funds will be utilized.	07/31/17	The Vice President of Academic and Student Success will develop a plan for the use of the existing funds which have accumulated from these royalty payments. The plan will be sent to Institutional Advancement and to the Dean of Math, Science and Health Careers by July 31, 2017 to ensure that all parties are aware of the approved plan. The Division VP issued a memo to affected staff in the division on 1/22/18 with a copy to Foundation staff on 2/8/18.
8/30/2017	New Employee Process Lisa Hutcherson	Internal Audit recommends that procedures and checklists for new employee processes address each class and the major procedures to be performed to help ensure consistency and completeness.	12/22/17	Checklists for all employee types will be developed by the end of the fall semester. A process and procedure will be implemented by the end of the fall semester to assign responsible parties to confirm that all necessary documentation is obtained, and to ensure that we are consistently following up when necessary to obtain all necessary documents. New employee checklists have been drafted (and provided to Internal Audit) for all remaining categories of employees including the names of the responsible HR staff for ensuring the documentation is obtained. Management approval of the final versions and implementation of the checklists is expected the week of 3/26/18.

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
70 8/30/2017	New Employee Process Lisa Hutcherson	Internal Audit understands HR has issued, or will be issuing, a directive that all new employees must be processed through the HR department. HR also reserves the right to hold hard copies of paychecks for pick up by employees who have not completed all required documentation.	12/22/17	A meeting was held with all departments on Thursday, August 10, 2017, to review the new hire process, appropriate, up to date forms, and particularly the new federal I-9 requirements. An HR representative will be assigned, depending on the employee classification, to ensure that all forms are completed correctly and that the most current forms are used. HR management has met with administrative staff in various departments to communicate the requirements for new hire documentation and orientation. Additional procedural information will be provided to these departments before the end of the spring semester. New HR checklists, which name the HR staff responsible for new hires by type, will help ensure HR obtains all required documentation on a timely basis.
71 8/30/2017	New Employee Process Lisa Hutcherson	Internal Audit recommends that the use of additional checklists, documented procedures a guidance for new HR staff, and insistence that all new employees be processed in HR will all contribute to less issue related to this documentation.	12/22/17	Checklists for all employee types will be developed by the end of the fall semester. A process and procedure will be implemented by the end of the fall semester to assign responsible parties to confirm that all necessary documentation is obtained, and to ensure that we are consistently following up when necessary to obtain all necessary documents. New employee checklists have been drafted (and provided to Internal Audit) for all remaining categories of employees including the names of the responsible HR staff for ensuring the documentation is obtained. Management approval of the final versions and implementation of the checklists is expected the week of 3/26/18.

Action plans are complete and will be moved to the Completed Items tab