

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Thursday, September 24, 2020 – 11:00 a.m.

Present: Mr. Anthony J. Simonetta, Mr. Jeremiah White, Ms. Lydia Hernández Vélez, Donald Generals, Ed.D., Mr. Steve Herzog, Mr. Jacob Eapen, Judith Gay, Ph.D., Mr. Gim Lim, Mr. Derrick Sawyer, Mr. Robert Lucas, and representing Grant Thornton: Ms. Angelica Roiz and Mr. Alex Ney

Absent: Victoria Zellers, Esq.

AGENDA – PUBLIC SESSION

As in the previous Audit Committee meeting, this meeting was again held via Zoom. Mr. Anthony Simonetta welcomed Mr. Steve Herzog to the Audit Committee and proceeded to the first action item on the agenda.

1. Approve Minutes of Audit Committee Meeting on June 10, 2020 (Action Item):

Action: Mr. Simonetta asked whether anybody has corrections or changes to the minutes. Hearing no changes, Mr. Simonetta asked for a motion to recommend acceptance of the June 10, 2020 Audit Committee meeting minutes (Attachment A). Mr. White made the motion. Ms. Lydia Hernández Vélez seconded the motion. The motion passed unanimously.

2. 2019-20 Fiscal Year Audit Report (Action Item):

Ms. Angelica Roiz introduced herself as the Engagement Partner and Mr. Alex Ney, the Audit Manager to Mr. Herzog who just joined the Audit Committee. Ms. Roiz, then proceeded to share her screen on Zoom to present the results of the 2019-2020 audit results (Attachment B). She informed the Committee that the short form report of the June 30, 2020 Financial Statements (Attachment C) was due to the City by the end of the month. She noted that the College is a component unit of the City. Grant Thornton will be back in the fall to perform the uniform guidance audit which will be reported to the Audit Committee next March.

Ms. Roiz reported that the audit was completed with the full cooperation from management consistent with the timeline shared with the Audit Committee at its June 2020 meeting. Mr. Simonetta asked what were the challenges performing the audit in a virtual environment. Ms. Roiz reported that the audit went smoothly and they did not experience many challenges. The College was able to use the Grant Thornton collaboration website to upload documents. During the audit, Grant Thornton inquired and asked about processes that may have changed to ensure audit trails were maintained.

Ms. Roiz proceeded to discuss the \$16.1 million CARES Act award the College received. She reported that half of the CARES Act award was for institutional use and half was reserved for student aid. Grant Thornton performed tests to ensure the revenues and expenses before June 30th were appropriately recorded. Mr. Simonetta noted that some of the Cares funds were used to purchase laptops

for students and asked who had ownership of the laptops. Mr. Eapen said the laptops are owned by the College. Ms. Roiz then reported on their review of the Banner system environment which included system access, password protection and proper segregation of duties. She reported that there were no findings or matters that rose to the level that needs the attention of the Committee. Due to the pandemic, slide 16 of the presentation highlighted the items requiring accounting considerations. Item 5 relates to the impact of various federal relief programs. Ms. Roiz noted that the impact of the CARES Act funding was appropriately disclosed on the notes to our financial statements. Item 7 relates to disclosures of risks and uncertainties due to the pandemic, which were also appropriately disclosed in the notes. Item 4 relates to going concerns evaluations. Ms. Roiz mentioned going concern may be an issue for some of her clients but not for the College. The College has a sound liquidity position.

Ms. Roiz concluded her presentation by informing the Committee that Grant Thornton has no disagreements with management, no significant control findings, and no related party disclosure concerns to report.

Action: Mr. Simonetta asked for a motion to recommend acceptance of the June 30, 2020 Financial Statement Audit report. Ms. Hernández Vélez made a motion to accept the June 30, 2020 Financial Statement Audit. Mr. White seconded. The motion passed unanimously.

3. Discussion on Appropriate Reserves Level (Information Item):

This item was moved to the Executive Session to ensure the privacy of the other Colleges information.

4. Internal Audit Committee/Internal Audit Plan (Information Item):

Mr. Lucas provided an update on the 2020-2022 Internal Audit Plan (Attachment D). He provided a summary report of activities since the last Audit Committee meeting. Mr. Lucas stated that he is working with management to finalize the responses for two draft audit reports, issued one draft audit report to management and expects to issue another draft audit report by September 30. Two other audits will be underway shortly to be completed in the second quarter of the fiscal year.

Mr. Lucas noted that he detected apparent fraudulent transactions by one employee during the course of the audit of Forgivable Loans, which are loans issued to employees to help them pay for classes and the pursuit of degrees from an accredited college or university other than CCP. He noted that the documentation and information

related to the suspected transactions were transferred to the College's Legal Department and Human Resources Department for their review, investigation, and other actions deemed necessary. Mr. Lucas also reviewed a substantial amount of loan files at the request of management, in addition to the original sample, to gain assurance that no other similar transactions had occurred for other loan participants. He noted that no other loan documentation had similar characteristics, which would indicate potential fraud on the part of the employee.

Mr. Eapen noted that management had only become aware of this incident recently and that management was not aware of these transactions when the external auditors had inquired of any known incidents.

Mr. Lucas noted that he had completed a proposed biennial internal audit plan for the two-year fiscal periods of 2020-2022. He reviewed the plan in a document shared with the Committee members and College staff on the Zoom call. He noted that the plan was structured to have two audits completed each calendar quarter and that several alternate audits were included in the plan in case one or more of the planned audits could not be completed due to unforeseen circumstances.

Mr. Lucas also reviewed with Committee the Internal Audit Follow Up Matrix on which the audit comments, recommendations, and management's action plans are tracked. He noted that management had been very busy with the College's response to the pandemic and that actions should resume or be completed in the near future.

Mr. Simonetta inquired of Mr. Lucas whether risk ratings could be assigned to outstanding actions plans, which were color coded in red indicating that (1) the plans had not been completed for more than a year since their original target date, (2) limited progress made on those plans, or (3) no update of the status of those plan had been received. Mr. Lucas stated that he would look into assigning such risk ratings.

Mr. Lucas provided the Committee with an update of his involvement with the College's development of a Disaster Recovery Plan for all of the College's areas designated as critical to its educational and business functions. He stated that he had met with the DRP leads for their areas during the recent Professional Development Week to review lessons learned during the pandemic timeframe to date. Mr. Lucas stated that the current plan for the College should be completed shortly and provided to senior management for reference during any future business interruptions. The plan will be updated each spring by the critical functional areas and a full updated version will be completed by June 30 each year.

Lastly, Mr. Lucas also noted that the Internal Audit Committee has met, and is expected to meet, at least quarterly. He stated that during the September meeting, the committee reviewed one of the financial policies at the request of Mr. Lucas and that committee members have expressed interest in looking at the Internal Audit Follow Up Matrix and the overall charge of the committee.

5. March 2021 Meeting Date (Information Item):

The next meeting will be to discuss the results of the College's Uniform Guidance Audit. Typically, this meeting is scheduled for the month of March, since the deadline to submit the results to the Department of Education is March 31st of each year.

EXECUTIVE SESSION

An Executive session of the Audit Committee was held with Grant Thornton and the College staff.

GSL/lh
Attachments

cc: Dr. Donald Generals, Jr.
Mr. Jacob Eapen
Ms. Victoria Zellers, Esq.
Mr. Robert Lucas
Mr. Derrick Sawyer
Representing Grant Thornton: Ms. Angelica Roiz
Representing Grant Thornton: Mr. Alex Ney

ATTACHMENT A
MINUTES FROM JUNE 10, 2020
AUDIT COMMITTEE MEETING

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Wednesday, June 10, 2020 – 12:00 p.m. *via* Zoom

Present: Mr. Anthony J. Simonetta, Mr. Jeremiah White, Ms. Lydia Hernández Vélez, Donald Generals, Ed.D., Mr. Jacob Eapen, Judith Gay, Ph.D., Victoria Zellers Esq., Mr. James P. Spiewak, Mr. Gim S. Lim, Mr. Robert Lucas, and representing Grant Thornton: Ms. Angelica Roiz, Mr. Alex Ney and Mr. Joseph Mulligan

Not Present: Mr. Anthony B. Scott representing The Meridian Group

AGENDA – PUBLIC SESSION

(1) Approve Minutes of Audit Committee Meeting on March 26, 2020 (Action Item):

Action: Mr. Anthony Simonetta asked for a motion to recommend approval of the March 26, 2020 Audit Committee meeting minutes (Attachment A). Mr. Jeremiah White made the motion to accept the minutes. Ms. Lydia Hernández Vélez seconded the motion. The motion passed unanimously.

Prior to the approval of the minutes, Dr. Donald Generals provided a brief update on the College's COVID-19 state of affairs and plan for the fall semester. Dr. Generals clarified that the fall semester will begin with all online classes. However, accelerated classes that begin later in the semester may have some on-campus or hybrid classes depending on improvements in the COVID-19 situation. The College has been providing non-credit workshops to help students prepare for taking online courses. Over the next couple of weeks, the College will also begin to resume some on-campus services on a limited basis and may slowly expand other services.

(2) 2019-2020 Audit Process (Information Item):

Ms. Angelica Roiz began her discussion by sharing the 2020 Audit Planning Presentation (Attachment B) *via* Zoom. Ms. Roiz then announced that Mr. Joe Mulligan, a principal in Grant Thornton's not-for-profit advisory practice, will provide an update of the higher education industry in light of the pandemic disruption after their presentation. Mr. Alex Ney overviewed the slides relating to audit timeline and scope, and areas of significant risks and focus. He discussed testing revenue streams to ensure appropriate revenue recognition and testing allowance methodology for appropriateness and reasonableness. Other areas of focus include compliance and controls procedures. Ms. Roiz mentioned that she had inquired with management on the shift to working remotely in March. As with other clients, Grant Thornton will take into considerations the normal control environment and the change in control environment beginning in March. Mr. Ney mentioned using procedures designed to evaluate the reasonableness of estimates used by management and assessing the adequacy of the College's financial statement disclosures.

For 2019-20 audit, areas of focus for the Single Audit will include the \$16 million the College received under the CARES Act Higher Education Emergency Relief Fund. In addition to the usual Student Financial Aid cluster, Ms. Roiz mentioned that guidance on how these relief funds are to be tested are still in development but institutions, including the College are doing their best to be in compliance with available guidance. On the last slide, Ms. Roiz highlighted new audit considerations relating to the COVID-19 pandemic such as federal relief funding, reserves for uncollectible accounts, recovery, asset impairment, going concerns, and a deeper understanding of management's projections and plans.

Mr. Mulligan then provided a few remarks based on observations from their advisory services practice. He summarized recent months into five stages – staging, scrambling, support, settling in, and securing the future. Considerations during the staging phase included addressing social distancing, public health, and making decisions to close operations temporarily. During the scrambling phase, institutions took actions to ensure how education will be delivered; the support phase included analyzing new sources of assistance and federal funding; during the settling in phase, institutions addressed access to technology, cohabitation, resiliency of the student population, and value of distance education. Securing the future will have to take into consideration the institution's location, unique model and structure and how it will retain its students beyond the fall semester.

Ms. Roiz concluded her presentation by announcing that selected GASB pronouncements which were to be effective for the year have been postponed and that this year's audit will be performed remotely.

(3) 2019-2020 Budget Update (Information Item):

Mr. James Spiewak provided an update on the status of the FY 2019-2020 Budget. He noted that for the year, total credit hours were 4% below budget. Mr. Spiewak stated that the major differences on the revenue side from the original budget were: State appropriation was 2% higher; City appropriation applied to operating budget was higher because a planned debt service for the new Career and Advanced Technology Center will not occur until next fiscal year; and total tuition and fee revenues are down \$3.7 million. He stated that the major differences on the expense side from the original budget were: full-time salaries were \$2 million less than budgeted due to hiring freeze; self-funded medical program costs are \$0.67 million higher than budgeted; and facility costs were significantly below budget due to the College being closed since mid-March. The net effect is anticipated excess revenue of \$1.46 million which will be further increased by \$0.9 million of CARES Act funds. Staff propose that \$800,000 of the excess funds be applied to the Student Activities and Athletics budget since this budget's primary source of funds, the general college fee, is not being charged for the summer or Fall semesters. Staff are also proposing that the remaining excess revenues be applied towards the FY 2020-2021 fiscal year due to anticipated revenue shortfall related to a projected decrease in enrollments.

(4) 2020-2021 Budget Highlights (Information Item):

Mr. Eapen informed the Committee that next year's budget will be heavily dependent on enrollment projections. The College has presented several scenarios to the Business Affairs Committee, Executive Committee and Board of Trustees. Mr. Eapen discussed two scenarios. The first scenario assumed a 10 percent decline in enrollment for summer, a 25 percent decline in enrollment for fall, a 25 percent decline in enrollment for spring and a 10 percent decline in enrollment for summer 2021. Based on these assumptions, the College is projecting a deficit of approximately \$12 million before CARES Act reimbursements.

On the revenue side, Mr. Eapen announced that the State has approved a flat appropriation for the first 5 months. In terms of City funding, the Mayor is proposing a \$3.25 million increase in appropriations. The College will again not increase tuition for next year. Mr. Eapen reminded the Committee that there has been only one tuition increase in seven years. The CARES Act Institutional Fund and Primarily Black Institutional Cares Act Fund will contribute about \$1.0 million towards reducing the projected budget deficit.

On the expense side, the College will not be adding new positions. All open positions are frozen. Travel, hospitality and other discretionary expenses will be reduced by 75 percent and overtime will be reduced by 50 percent. The College is expected to receive some savings from closing the main campus and the three regional centers.

The second scenario assumes a 6 percent decline in enrollment for summer 2020, a 10 percent decline in enrollment for fall, a 10 percent decline in enrollment for spring and a 6 percent decline in enrollment for summer 2021. Based on these assumptions, the College is projecting a deficit of approximately \$7.7 million before CARES Act reimbursements.

Management is continuing to explore other ways to balance the budget for next year and will be presenting the final budget to the Business Affairs Committee on June 24th and the Board of Trustees on June 25th.

(5) Internal Audit Plan/Internal Audit Committee Update (Information Item):

Mr. Robert Lucas provided an update on the 2018-2020 Internal Audit Plan (Attachment C). He provided a summary report of activities since the last Audit Committee meeting. Mr. Lucas stated that he is working with management to finalize two draft audit reports, as five other audits are in progress, and planning has begun on three other audits with opening meetings requested with management. An updated copy of the status of the biennial Internal Audit Plan was also distributed in advance to Audit Committee members which details the status of each planned audit for the period.

Mr. Lucas stated that he had provided the Audit Committee members with an updated Internal Audit Follow Up Matrix on which the auditor's comments and management's action plans are tracked.

Mr. Lucas provided the committee with an update of his involvement with the College's development of Disaster Recovery Plan for all of the College's areas designated as critical to its educational and business functions. He stated that the plans for individual divisions, departments and functions were provided to him for review just before the previous Audit Committee meeting and that he has been working on consolidating them into one plan for the College. Mr. Lucas noted the latest was just provided to Dr. Gay for her review and it is expected to be shared with Dr. Generals and the Cabinets for their review shortly. The plan is intended to be reviewed by management and updated as needed by June 30 each year.

Lastly, Mr. Lucas also noted that he will be developing the 2020-2022 Internal Audit Plan over the next few months. As done previously, he will be soliciting input from senior management for functions and areas to be considered as possible audit subjects in the next internal audit plan period based on risks perceived by those managers. It is expected that the new plan will be approved by senior management and provided to the Audit Committee members before the September meeting.

(6) Next Meeting:

The next meeting of the Audit Committee will be in September, 2020.

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. Since no Executive Session was requested with the Audit Committee, the meeting was adjourned.

GSM/lmh
Attachments

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



2020 Audit Wrap-Up Presentation and Discussion

**Community College of
Philadelphia**

September 24, 2020



This communication is intended solely for the information and use of management and those charged with governance of the Community College of Philadelphia and is not intended to be and should not be used by anyone other than these specified parties.

Audit Timeline & Scope

May 2020	Client continuance	<ul style="list-style-type: none"> • Client continuance • Issue engagement letters • Conduct internal client service planning meeting, including coordination with audit support teams such as IT and tax
June 2020	Planning	<ul style="list-style-type: none"> • Meet with management to confirm expectations and discuss business risks • Discuss scope of work and timetable as well as identify current year audit issues • Initial Audit Committee communications
June – July 2020	Preliminary risk assessment	<ul style="list-style-type: none"> • Develop an audit plan that addresses risk areas • Update understanding of internal control environment • Coordinate planning with management and develop work calendar • Perform walkthroughs of business processes and controls
August – September 2020	Final fieldwork and deliverables (short form financial statements)	<ul style="list-style-type: none"> • Perform final phase of audit and year-end fieldwork procedures • Meet with management to discuss results including review of draft financial statements, misstatements (if any), and completeness/adequacy of disclosures. • Present results to the Audit Committee
December 2020 – March 2021	Final fieldwork/ deliverables (Single Audit)	<ul style="list-style-type: none"> • Perform final phase of Single Audit compliance testing • Meet with management to discuss results

Significant risks

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

Significant risk	Results
Tuition and fees revenue, and related receivables/deferred revenues	<ul style="list-style-type: none">• Performed detailed testing of a sample of transactions, agreeing to source documentation.• Performed deferred revenue testing to determine proper cut-off.• Gained understanding of the allowance methodology for lack of payment of student account.• Assessed management's analysis of allowance for doubtful accounts for reasonableness, consistency with methodology and accuracy of inputs.
Federal and State grants and contracts	<ul style="list-style-type: none">• Reviewed contract documents to obtain understanding of the terms.• Compared revenues and recorded expenses to determine that amounts are being recorded appropriately based upon the terms of the contracts (including CARES Act Higher Education Emergency Relief Funding).• Reviewed any deferred amounts for reasonableness.• Agreed any subsequent collections to year-end receivable balances.• Reviewed propriety of financial statement presentation and disclosure.

Significant risks – continued

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

Significant risk	Results
Management override of controls – (presumed fraud risk and therefore significant risk in all audits)	<ul style="list-style-type: none">• Considered the design and implementation of entity-level controls, including information technology controls, designed to prevent/detect fraud.• Assessed the ability of the College to segregate duties in its financial reporting, information technology, and at the activity-level• Conducted interviews of individuals involved in the financial reporting process to understand (1) whether they were requested to make unusual entries during the period and (2) whether they are aware of the possibility of accounting misstatements resulting from adjusting or other entries made during the period.• Performed risk assessment for journal entries and detail test a sample of journal entries based on our risk assessments to ensure propriety of the entries.

Other areas of focus

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

Area of focus	Results
Investments	<ul style="list-style-type: none">• Tested valuation of publicly traded investments using an independent pricing source.• Tested valuation of investments that are not publicly traded by performing an independent assessment of the valuation methodology and testing roll-forward period of alternative investments as well as obtain underlying audited financial statements for the respective funds.• Tested reasonableness of investment-related income, including unrealized appreciation/(depreciation) in fair market values.
State and City appropriations	<ul style="list-style-type: none">• Obtained detail of appropriations received for the fiscal year.• Confirmed amounts with State and City, agreeing to revenue recorded in general ledger.• Reviewed receivable balance, reconciling the cash received to amounts outstanding based on confirmation, as applicable.
Other post-employment benefits liability (GASB 68 & GASB 75)	<ul style="list-style-type: none">• Reviewed the analysis of accrued postretirement benefit obligations.• Assessed the reasonableness of actuarial assumptions: discount factor, trend rates and cash flows, amongst others.• Tested completeness and accuracy of participant census data.

Other areas of focus – continued

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

Area of focus	Results
Accounting estimates	The preparation of the College's financial statements requires management to make multiple estimates and assumptions that affect the reported amounts of assets and liabilities as well as the amounts presented in certain required disclosures in the notes to the financial statements. The most significant estimates relate to the allowance for doubtful accounts, useful lives of fixed assets, valuation of alternative investments, and actuarial estimates for the College's post-retirement benefit plans under GASB 68 and GASB 75. Our procedures were designed in part to review these estimates and evaluate their reasonableness.
Financial statement disclosures	Our procedures also included an assessment as to the adequacy of the College's financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by US GAAP.

Technology support as part of the audit process



An important component of our audit approach is to understand how IT is used in supporting business operations and producing financial reports. Our technology specialists place particular emphasis on the risks relating to the use of technology and its associated controls, processes and practices.

Our general controls review evaluates the design of controls that mitigate risk in areas such as organization and operations, protection of physical assets, application systems development and maintenance, access controls and computer operations.

In-Scope Application: Banner

- Banner Financial Aid Module Review
- Administrator Access & Password Testing

Summary of Misstatements

	Increase (Decrease) to:			Change in Net Position
Description	Assets	Liabilities	Net Position	
<u>Material, corrected misstatements</u>				
<u>None Noted</u>				
Net impact	\$ -	\$ -	\$ -	\$ -
<u>Uncorrected misstatements</u>				
<u>None Noted</u>				
Net impact	\$ -	\$ -	\$ -	\$ -

COVID-19 pandemic

Accounting considerations

- 1) Asset impairment – material assets subject to possible impairment or devaluation. Colleges need to carefully identify the appropriate impairment model and consider whether the pandemic affects whether an impairment should be recognized and, if so, the extent of the impairment. This could impact fixed assets, investments, and other assets.
- 2) Insurance recoveries – Colleges may be entitled to reimbursement for losses under various types of insurance policies as a result of the pandemic.
- 3) Contingent losses – a College is required to recognize a contingent loss if (a) it is probable that the liability has been incurred as of the statement of net position date, and (b) the amount of the loss is reasonably estimable (as either a point estimate or a range of loss).
- 4) Going concern evaluations – Colleges will need to evaluate their ability to continue as a going concern within one year after the financial statements are either issued or made available to be issued. A College that concludes that there is substantial doubt about its ability to continue as a going concern must provide disclosures to that effect, including its plans to alleviate that doubt.
- 5) Impact of various federal relief programs – Colleges are eligible to participate in certain federal government relief programs to mitigate the financial impacts of the pandemic. The appropriate accounting and financial reporting of the various relief programs such as PPP loans, CARES Act section 18004(a)(1) relief, student room and board refunds, Title IV refunds, etc. is evolving.
- 6) Reserves for uncollectible accounts – Because of the significant economic impact of the pandemic, Colleges may need to reevaluate the basis for reserves on certain accounts such as student accounts receivable, as well as other reserves.
- 7) Disclosures of risks and uncertainties – Disclosure of risks and uncertainties related to operations/activities, accounting estimates, and vulnerabilities should be considered when preparing the financial statement footnotes.

Other Required Communications

Professional standards require that we communicate the following matters to you, as applicable.

Going concern matters
Fraud and noncompliance with laws and regulations
Significant deficiencies and material weaknesses in internal control over financial reporting
Use of other auditors
Use of internal audit
Related parties and related party transactions



Other Required Communications

(continued)

Disagreements with management
Management's consultations with other accountants
Significant issues discussed with management
Significant difficulties encountered during the audit
Other significant findings or issues that are relevant to you and your oversight responsibilities
Modifications to the auditor's report
Other information in documents containing audited financial statements



Quality of Accounting Practices

Accounting policies and disclosures	Accounting policies are consistent with those of prior year and are outlined in Note A of the financial statements. Financial statements and the disclosures therein are clear and complete in accordance with GASB pronouncements.
Accounting estimates	<p>Significant estimates are described in Note A of the financial statements. These estimates include:</p> <ul style="list-style-type: none">• Allowance for doubtful accounts• Useful lives of fixed assets• Valuation of alternative investments which are based on NAV per share• Actuarial estimates for the College's post-retirement benefit plan under GASB 75• Actuarial estimates for the College's self-insured medical claims liability (IBNR)



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.

ATTACHMENT D

2020-2022 Internal Audit Plan Status

COMMUNITY COLLEGE OF PHILADELPHIA

Date: September 17, 2020
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 reports in discussion with management:
 - 50th Anniversary Scholars Program
 - Residency Verification
- Audits in progress:
 - Forgivable Loans (Q1 of FY2021) – Expanded scope
 - Network Security Review of External Audit (Q1 of FY20201)
 - Employee Check Requests (Q2 of FY2021)
 - Vendor Check Requests (Q2 of FY2021)
- Working with division and department leads on their individual Disaster Recovery Plans including session during Professional Development Week reviewing lessons learned during COVID-19 shutdown.
- Internal Audit Committee meeting are scheduled quarterly and continue to occur via Zoom chaired by the Internal Auditor.

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Community College of Philadelphia
Internal Audit Plan (Proposed) - July 1, 2020 to June 30, 2022

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Planned Quarter
Financial Audits				
Check Requests - Vendors	L	Verify controls for payments to vendors	2021	2
Check Requests - Employees	L	Verify controls for reimbursements to employees	2021	2
403(b) Transactions *	L	Determine controls over payments to retirement savings vendors	2022	2
Operational Audits				
403(b) Administration *	L	Determine controls over employee requests related to retirement savings	2022	2
Part-Time Faculty Medical Benefits	L	Determine controls and accuracy of medical coverage paid by staff	2021	4
Veterans' Resource Center	M	Compliance with Veterans' Education Benefits Laws	2022	1
Compliance				
Catto Scholarship	M	Determine compliance with requirements	2022	3
Right to Know Requests	L	Compliance with related laws	2022	3
State Recruiting Regulations	M	Determine compliance with regulations / restrictions	2022	1
Family Medical Leave Act	L	Determine compliance with policies, procedures and regulations	2022	4
Vendor Management	L	Determine the controls, procedures and risk management in place to ensure vendors are meeting their stated levels of goods, services, timing and pricing.	2022	4
Forgivable Loans	L	Compliance with procedures and controls for such loans	2021	1
IT Audits				
Network Security	L	Determine adequacy of controls for systems access via review of external audit work	2021	1

Community College of Philadelphia
Internal Audit Plan (Proposed) - July 1, 2020 to June 30, 2022

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Planned Quarter
Send Word Now	M	Determine adequacy of administration controls (roles and responsibilities; database; testing)	2021	3
Social Media and Email Broadcasts (CAN-SPAM Act)	L	Determine adequacy of controls for access and posting to College social media accounts and for email broadcasts	2021	3
IT PC Lending Programs	M	Determine adequacy of procedures and controls related to lending laptops and other IT equipment to employees and students	2021	4
Alternate Audits				
Other Accounts Receivable	L	Determine adequacy of procedures and controls over A/R other than tuition		
Computer Loans	L	Determine adequacy of procedures and controls related to employees loans for computer purchases		
Lion Card	L	Determine controls over prepaid card program		
Paid Time Off Recordkeeping	L	Determine adequacy of procedures and controls over PTO recordkeeping		
Administrative				
Follow Up on Prior Issues			Ongoing	Ongoing
Committee Meetings (Grants, Data Breach, EMT, external audits/reviews)			Ongoing	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

Risk Ratings are Low (L), Medium (M), or High (H) based on a compilation of individually-rated risk factors including: financial statement impact; transaction volume; public relations/reputation; student satisfaction; legal/regulatory compliance; corporative initiatives; significant changes; known problems/issues; staff/faculty satisfaction; and executive override.

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Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
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) 9/15/18 (Status Update) 5/31/19 (Status Update) 5/31/20 (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. The expected cost of the database was included in the approved 2018-2019 budget. Target date remains TBD. An RFP is expected to be distributed for the purchase of the COD database by May 31.
59	5/25/2016 ITS Physical Security Michael Fohner	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) 8/31/21	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. The college will be building the Career And Advanced Technology Center @ the WRC campus . An IT closet will be in the new building and all equipment will be moved from the current closet to the new closet. The projected completion for the new building will be August 2021.

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63	5/25/2016 ITS Physical Security Michael Fohner	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) 5/31/19 NO UPDATE RECEIVED	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. RFPs have been issued. Work is expected to be performed over the summer 2018 and completed by the start of the fall semester. Fire Suppression will be installed for MG-6A and W1-E1 and work will be done on ceiling installations to support the fire suppression equipment. B2-39 no longer needs this upgrade as critical equipment housed in that space has been moved to a protected room.
75	5/24/2018 Disaster Recovery and Response Plan Jacob Eapen	Substantive testing of the DRRP should be documented. Issues and resolutions should be tracked and documented until completed. Table-top exercises should also be performed periodically using a variety of scenarios and timing.	6/30/18 NO UPDATE RECEIVED	Testing procedures and results will be documented and maintained moving forward. Tabletop exercises will be added to the monthly DR meetings held in ITS. These procedures will also be documented in the DRRP within the next 90 days (no later than June 30, 2018).
77	5/24/2018 Disaster Recovery and Response Plan Jacob Eapen	Cyber Breach Committee should meet quarterly to determine the status of data which may not be sufficiently secured. The CIO should be empowered to direct actions to be taken to secure this data. Senior management should be informed of risk areas not secured in a timely manner.	9/30/18 NO UPDATE RECEIVED	Data Breach Committee will begin meeting again prior to the end of the spring 2018 term. (Meeting was held on May 2.) The committee charge will be reviewed and refined during the first meeting. A meeting schedule will be presented to setup quarterly meetings. A survey for College units, similar to the 2016 survey, will be performed to determine the state of our PII data and the locations of such data.
80	5/24/2018 ITS Physical Security Michael Fohner	Several critical server rooms had sprinklers systems for fire suppression which would cause water damage to the equipment they are designed to prevent damage from fire. This concern was included in the ITS physical security audit report and management has established actions plans to replace the sprinkler systems in these rooms with gaseous fire suppression systems.	9/15/18 5/31/19 NO UPDATE RECEIVED	See Management Response / Follow Up for item # 63 above.
84B	6/19/2018 Emergency Operations Plan Randolph Merced	In order to enhance the value of the Send Word Now program to the College, Internal Audit recommends the following: Test all created groups including the Emergency Management Team and the Executive Policy Group.	11/30/19	The EMT and EPG groups will each receive a separate test message at least on an annual basis. The Target for the first test message to these groups is November 30, 2019.

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84C	6/19/2018 Emergency Operations Plan Randolph Merced	In order to enhance the value of the Send Word Now program to the College, Internal Audit recommends the following: Verify that all members of the emergency related groups received the test messages due to the importance of these groups receiving real emergency messages.	11/30/19	Receipt of the test message will be confirmed with each member of these groups. The target date for confirming all have received a test message is November 30, 2019.
84D	6/19/2018 Emergency Operations Plan Randolph Merced	In order to enhance the value of the Send Word Now program to the College, Internal Audit recommends the following: Retain sufficient records to be able to determine what messages were sent, when they were sent, how they were sent, and to whom they were sent. These records should be retained for an appropriate period determined by the College's general Counsel.	09/30/19	The College's management concurs that a record of all Emergency Mass communications Text Messages (Full messages including dates and times) should be retained for a period of seven years in accordance with the college's records management and retention policy for Emergency Response Team Records. We will ensure this occurs beginning with the test message for the fall semester of 2019.
85	6/19/2018 Emergency Operations Plan Randolph Merced	In order to help ensure that students are aware of the EOP and other posted safety information, Internal Audit recommends that staff from the Public Safety Department participate in all student orientations to help ensure that appropriate safety information is provided to attending students including references to the College's EOP on the website.	01/21/20	It is envisioned by the orientation planners that producing videos may be a way to effectively maximize its communication with new students. Public Safety is available to speak at the student orientation as desired by Student Affairs. Public Safety will produce several safety-related videos for new students as a means to help promote a safety culture as well as give valuable information to students on emergency preparedness. The target date to make videos available for the public January 21, 2020.
86	6/19/2018 Emergency Operations Plan Randolph Merced	Internal Audit recommends that the EOP be amended to include appropriate references to the DRRP. During an actual event, ITS management should be informed of all updates to help them prepare and respond in a timely manner to scenarios which will impact IT operations.	01/20/20	The DRRP mentions and points to the EOP in its preamble statement. Further, the crafters of the DRRP and EOP have worked together to ensure cohesion in processes and protocols in the event of an emergency. A review of both documents will be added to the EOP agenda as a standing item going forward with respect to incursions which both plans may be called into service. This bifurcated model will ensure there is no overlap, duplication or obstructive response from the Emergency response administrators. The Target date for a comprehensive review of these documents is January 20, 2020.
87	6/19/2018 Emergency Operations Plan Randolph Merced	Internal Audit understands that the Director of Public Safety is initiating a process for the EOP to be reviewed, and updated as necessary, in the near future. Please confirm this understanding and provide the date of expected completion. Future reviews should be scheduled at least annually.	09/30/19	The EOP is reviewed by the members of the Emergency Management Team throughout the year and, on an annual basis, the EMT chair reviews the agenda, recommendations, notes and commentary throughout the year and does a comprehensive review of the plan. The updated plan and its revisions are place in the Public Safety Website for public consumption. The target date for completion of the current revision of the EOP is September 30, 2019.
88	6/19/2018 Emergency Operations Plan Randolph Merced	Internal Audit recommends recovery activities should be prioritized as approved by senior management with outlines of specific actions and activities. In addition, a list of current vendors, and vendors whose services may be needed (e.g. hazardous materials clean up, water and smoke damage services, etc.) should be maintained within the EOP for quick reference.	05/15/20	The Chief of Staff will recommend that the Cabinet direct all divisions to review existing, or develop new, disaster response and recovery plans that comply with the decentralization of recovery activities and detailed in the EOP. The target date for verifying that all divisions have such plans in place is May 15, 2020. The Cabinet will direct management to review and update these division plans on an annual basis
91	6/19/2018 Emergency Operations Plan Randolph Merced	Internal Audit recommends that minutes of all EOP-related meeting are recorded and stored as appropriate. Documentation of any actions taken such as evacuation drills and table top exercises should also be maintained.		College management agrees that minutes of the EMT meetings should be recorded and retained for a period of seven years in accordance with the College's Records Management and Retention policy. We will ensure this occurs and we will begin recording minutes at each meeting in the summer of 2019

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92A	6/19/2018 Emergency Operations Plan Randolph Merced	Internal Audit recommends that media contacts be designated and documented in the EOP and they should be the same persons designated in the DRRP.	09/30/19	The Media Contacts will be included in the EOP which is currently undergoing the 2019 review and update process. The target revisions date for the 2019 update of the EOP is September 30, 2019 which will include the designated media contacts.
92B	6/19/2018 Emergency Operations Plan Shannon Rooney	Internal Audit recommends that media contacts be designated and documented in the EOP and they should be the same persons designated in the DRRP.	12/31/19	The Critical Communications Plan is being revised and will be distributed to appropriate College managers. Target date for revision is December 31, 2019.
93A	9/7/2018 Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that the Cyber Breach Group establish goals and timetables to address education of department owners related to PII, as well as the security of PII within the College's physical areas and systems.	TBD	A search for a new AVP of Information & Technology is in progress. As facilitator of the Cyber Breach Group, that person will be responsible for following up on any information still needed from the users departments of the SaaS programs based on the most recent survey. The new AVP will schedule another meeting of the Cyber Breach Group within 90 of his/her start date to review progress and next steps for this action.
93B	9/7/2018 Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that the Cyber Breach Group establish goals and timetables to address education of department owners related to PII, as well as the security of PII within the College's physical areas and systems.	10/31/19	The Office of the General Counsel is also expected to recommend procedures related to paper documents with PII held by various departments throughout the College. The target date for these recommendations to be made to Division management is October 31, 2019.
94	9/7/2018 Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that the CIO and/or Purchasing Department management determine what contracts reference data storage in the cloud by vendors which may be evergreen or automatic renewal terms which may prevent the new review control from occurring. Such contracts should be reviewed against the new questionnaire and management should consider executing amendments to these contracts which address any cloud-related risks or internal control weaknesses of the vendor.	TBD	The new AVP of Information & Technology, when hired, will be tasked with developing a plan to identify existing contracts which could bypass new controls related to cloud storage due to auto-renewal or extension options. This person will work with management to take appropriate actions to ensure cloud controls for new contracts are implemented by the next renewal or extension. The target date for identifying contracts which have not completed a cloud questionnaire is 120 days after the start date of the new AVP.
95	9/7/2018 Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that each program owner be required to designate a backup administrator. The CIO should follow up on the current PII survey and obtain such designated persons for each program.	TBD	The new AVP, when hired, will review the latest SaaS survey at the next Cyber Breach Group meeting and develop recommendations to Division management or the Cabinet to help ensure all user department have designated such backup administrators. The target date for developing the recommendations is 90 days after the start date of the new AVP.
96	9/7/2018 Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that ITS review the programs listed in the PII survey and determine if there are time sensitive programs for which downtime for any reason could interfere with the functionality required by staff to perform their duties and provide services to both staff, faculty and students. Since ITS is well versed in continuity planning for the programs they manage, it would be prudent for ITS to assist departments with time sensitive programs in developing procedures related to such downtime.	TBD	The new AVP, when hired, will solicit management's input for each of the programs to determine if any are considered critical to the mission and work of the College, both academic and as a business, such that downtime will quickly be problematic. For any such programs, ITS will offer to consult with management to help ensure that the department and/or vendor is sufficiently prepared to address interrupted access promptly. The target date to solicit this information from management is 120 days after the start date of the new AVP.

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97	9/7/2018 Non-ITS Administered Programs Jacob Eapen	Internal Audit requests that ITS confirm that it has access right to each program currently in use throughout the College.	TBD	The new AVP, when hired, will be tasked with developing recommendations to senior management related to the decentralization of these SaaS programs throughout the College and whether the AVP of Information & Technology should have access to these programs as well. The target date for making these recommendations to management is 90 days after the start date of the new AVP.
106	1/18/2019 Purchasing Cards Gim Lim James Spiewak	Purchasing should also ensure all P cardholders have a signed agreement on file.	11/01/19	AVP Facilities and Managers with P-Cards were notified, via email week of 04/30/19, that cards would be cancelled and issued in specific names. Application was sent for completion. Once applications are received new cards will be requested from Bank. Target date for obtaining new cards is November 1, 2019.
107A	1/18/2019 Purchasing Cards Gim Lim James Spiewak	Internal Audit also noted P cardholders made purchases at the College bookstore. There were instances in which the cardholder not only paid sales tax, but they did not even request the College employee discount of 5%. Since there should be no purchases of a personal nature per the P card policy, the bookstore should have a tax exempt certificate on file which should be effective for all P card purchases.		
107B	1/18/2019 Purchasing Cards Gim Lim James Spiewak	Internal Audit recommends that the payment of PA sales tax by P card holders be treated as the violation of the policy it is as stated in the policy. Card holders should be required to seek reimbursement of the tax from the vendors with copies of the request sent to the user's supervisor with a copy to the AVP of Finance. Violations of the P card policy should result in the disciplinary actions stated in the policy.		
107C	1/18/2019 Purchasing Cards Gim Lim James Spiewak	The P card administrator should make an effort to coordinate with Amazon to ensure that all College P cards are covered by the same tax exemption.	11/01/19	P-Card Administrator will work with Amazon to have College Card Holders added to our Business Account which is tax exempt. Correspondence regarding the invitation and instructions were emailed to P-Card holders on 5/1/19. P-Cardholders received invitation to join the Amazon Business Account on 5/6/19. Users who have not yet signed up for the Amazon corporate account will be sent a reminder. Target date November 1, 2019.
110	1/18/2019 Purchasing Cards Gim Lim James Spiewak	Internal Audit recommends that Facilities Management, Public Safety and Business Services develop and implement procedures to ensure appropriate use of the WEX cards within each department.	11/01/19	A new procedure to ensure appropriate use of the WEX cards has been developed. Please see attached Vehicle Checkout Form. Target date to begin using the form is November 1, 2019.
113A	1/18/2019 Purchasing Cards Gim Lim James Spiewak	Internal Audit recommends that the monthly WEX reports be distributed to all user departments	11/01/19	Please see attached Vehicle Checkout/Return Procedure and Vehicle Use and Checkout/Return Form. Target date to begin using the form is November 1, 2019.
113B	1/18/2019 Purchasing Cards Gim Lim James Spiewak	Internal Audit recommends that management in each user department ensure each driver has their own PIN number	11/01/19	Please see attached Vehicle Checkout/Return Procedure and Vehicle Use and Checkout/Return Form. Target date to begin using the form is November 1, 2019.
113C	1/18/2019 Purchasing Cards Gim Lim James Spiewak	Internal Audit recommends that management in each user department ensure documented procedures are provided to staff prohibit the sharing of PIN numbers	11/01/19	Please see attached Vehicle Checkout/Return Procedure and Vehicle Use and Checkout/Return Form. Target date to begin using the form is November 1, 2019.

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113D	1/18/2019	Purchasing Cards Gim Lim James Spiewak	Internal Audit recommends that management in each user department initial the WEX reports with miles per gallon and fuel amounts and types	11/01/19	Please see attached Vehicle Checkout/Return Procedure and Vehicle Use and Checkout/Return Form. Target date to begin using the form is November 1, 2019.
113E	1/18/2019	Purchasing Cards Gim Lim James Spiewak	Internal Audit recommends that management in each user department initial the WEX exception reports as evidence of their review and note any issues investigated and what steps were taken.	11/01/19	Please see attached Vehicle Checkout/Return Procedure and Vehicle Use and Checkout/Return Form. Target date to begin using the form is November 1, 2019.
116	2/26/2020	Clery Act Randy Merced	Internal Audit recommends that the areas for which crime statistics are requested, be expanded and the related request letters updated.	09/30/20	Management agrees to update the letter that goes out to the Police Department to clarify that the statistics requested include the edge of the sidewalk on the opposite side of the street.
118	2/26/2020	Clery Act Randy Merced	Internal Audit recommends that Public Safety management consult with the Legal Department to obtain guidance on the applicability of the Clery Act to off campus locations which the College repeatedly uses for activities described above.	04/30/20	Management agrees to consult with the Office of General Counsel to evaluate off-campus activities and update the Annual Security Report as necessary. The Director, Public Safety will meet with the Assistant General Counsel each spring semester.
119	2/26/2020	Clery Act Randy Merced	In order to provide continuity and ensure the timely reporting required by the Clery Act, Internal Audit recommends that additional staff be trained by the Director of Public Safety and actively participate in the processes to develop and file the annual report.	09/30/20	In addition to the Director, Public Safety, the Public Safety Operations Coordinator Office of General Counsel in compiling the Annual Security Report. Management agrees that going forward Public Safety Managers will be trained in the process of gathering and submitting crime statistics data required by the Clery Act.

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

Actions plans are in progress

Action plans are over 1 year past the original target date; limited progress has been made; and/or no update was received

Actions plans are expected to be reviewed with the new Internal Audit Committee