

**MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Tuesday, June 15, 2021 – 09:00 a.m.**

Present: Mr. Anthony J. Simonetta, Mr. Jeremiah White, Ms. Lydia Hernández Vélez, Esq., Mr. Steve Herzog, Mr. Jacob Eapen, Victoria Zellers Esq., Mr. Derrick Sawyer, Mr. Gim S. Lim, Mr. Robert Lucas, and representing Grant Thornton: Ms. Angelica Roiz and Mr. Alex Ney

Not Present: Dr. Donald Generals, Jr.

AGENDA – PUBLIC SESSION

(1) Approve Minutes of Audit Committee Meeting on March 23, 2021 (Action Item):

Action: Mr. Anthony Simonetta asked for a motion to recommend approval of the March 23, 2021 Audit Committee meeting minutes (Attachment A). Ms. Lydia Hernández Vélez made the motion and Mr. Steve Herzog seconded the motion. The motion passed unanimously.

(2) 2020-2021 Audit Process (Information Item):

Attachment B contains the formal presentation made by Ms. Angelica Roiz, Engagement Partner from Grant Thornton and Mr. Alex Ney. Ms. Roiz began her presentation by reviewing the audit plan and areas of focus. She reminded the Committee members that the College, as a component unit of the City, has a September 30th deadline. For Uniform Guidance testing of financial aid and the Education Stabilization Funds, she expects additional delays with the issuance of the Compliance Supplement that governs testing due to additional stimulus programs being awarded. However, since Uniform Guidance work is planned for late in the year, she does not expect the delays to be an issue. Mr. Ney then reviewed the areas of significant risks and focus. Ms. Roiz added that the College received additional HEERF funding in December of 2020. The institutional portion under CRRSAA also known as HEERF II is larger and she noted that the terms and conditions for these additional funds continue to evolve. Grant Thornton will be testing the revenue and expense recognition for the financial audit and performing the compliance testing on these funds later in the year under Uniform Guidance. Ms. Roiz then briefly overviewed the audit procedures from the handout.

From a technology support perspective, Ms. Roiz mentioned they reviewed the financial aid module, administrator access and password testing. They had no issues in the past but they do provide recommendations based on their review. Under technical updates, Ms. Roiz highlighted GASB 84, GASB 87 and GASB 89 and the effective dates for each. GASB 84 requires the College to review and disclose any existing fiduciary funds. GASB 87 requires operating leases to be capitalized and GASB 89 requires interest during construction to be expensed.

Ms. Roiz then provided a brief industry update. She reported that Moody's revised their 2021 outlook for Higher Education sector from 'negative' to 'stable'. Mr. Jeremiah White asked

Ms. Roiz to comment on the impact of declining enrollments. Ms. Roiz reported that colleges are addressing declining enrollments by increasing their financial aid and also offering more attractive aid packages, causing some smaller colleges with limited resources to close or merge. She explained that public colleges fared better because of stimulus funding that extends through 2022. She reported that Colleges are also investing in IT infrastructure, making improvements to existing spaces, and focusing on programs that are performing well and closing others.

On the subject of 2021 Top IT Issues, Mr. Simonetta commented on the recent cyberattacks and asked Ms. Roiz to comment on her clients' IT strategy relating to cybersecurity. Ms. Roiz noted that more clients are designating a cybersecurity person or team, hiring third parties to assist with cybersecurity and doing more frequent vulnerability or penetrating testing. Mr. Jacob Eapen added that the College is preparing a presentation on cybersecurity for the Business Affairs Committee. Mr. Simonetta expressed interest in the presentation.

Ms. Roiz concluded her presentation by reminding the Committee of the many available resources from Grant Thornton.

(3) 2021-2022 Budget Highlights (Information Item):

Mr. Eapen provided a brief overview of the 2021–2022 budget which included a no tuition increase with 80 percent of the total budget for salaries and benefits and 20 percent for all other expenses. The 2021-2022 budget was again developed to support the College's eight-year strategic plan centered on student success. There are several key areas of focus, namely student experience, workforce development, community relations, world-class facilities, and fiscal stability and sustainability. A new pillar to support diversity, equity and inclusion was included this year. The budget process took these into consideration for allocating resources.

In prior years, the College had one of the highest tuition and fees among the 14 community colleges in Pennsylvania. However, with just one tuition increase in the past nine years, the College is now in the middle of the group in terms of tuition and fees.

Other highlights of the 2021-2022 budget are provided in Attachment C.

(4) Internal Audit Update (Information Item):

Mr. Lucas provided an update on the 2020-2022 Internal Audit Plan. He provided a summary report of activities since the last Audit Committee meeting and a spreadsheet of the Internal Audit Plan by email in advance of the meeting (Attachment D). Mr. Lucas stated that, since the last Audit Committee meeting, two audit reports had been finalized and issued to management, two other reports have been drafted and issued to management, and that three audits are in various stages of progress and are expected to be completed in next month or so.

Mr. Lucas also reviewed the 2020-2022 Internal Audit Plan in Excel format showing what stages the FY21 audits were at based on the codes shown on the plan. He noted that all of the FY21 audits were completed or in progress and that the remaining audits on the plan were scheduled to be performed in FY22.

Lastly, Mr. Lucas reviewed with the Committee the Internal Audit Follow Up Matrix on which the audit comments, recommendations, and management's action plans are tracked. The matrix had also been distributed to the Committee members by email in advance of the meeting. He reminded the Committee members of the color coding used on the spreadsheet to denote the status of management's actions plans. Mr. Lucas noted a number of action plans remain in progress (highlighted in yellow), or for which more than a year has passed since the original target date for the agreed upon actions (highlighted in red).

(5) Next Meeting:

The next meeting of the Audit Committee will be in September, 2021.

EXECUTIVE SESSION

GSM/lmh
Attachments

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

ATTACHMENT A

**Minutes from March 23, 2021
Audit Committee Meeting**

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Tuesday, March 23, 2021 – 10:00 a.m. via Zoom

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

AGENDA – PUBLIC SESSION

(1) Approve Minutes of Audit Committee Meeting on September 24, 2020 (Action Item):

Mr. Simonetta announced that the first order of business was to review the minutes of the September 24, 2020 Audit Committee meeting. He asked for any edits or suggested corrections. There were none.

Action: Mr. Simonetta then asked for a motion to recommend approval of the September 24, 2020 Audit Committee meeting minutes (Attachment A). Ms. Hernández Vélez made the motion. Mr. Herzog seconded the motion. The motion passed unanimously.

(2) 2019-2020 Uniform Guidance Report (Action Item):

Ms. Angelica Roiz and Mr. Alex Ney reviewed the results of the 2019-2020 Uniform Guidance Audit using the draft report and supplementary information in Attachment B to these minutes. The Uniform Guidance draft report is provided in Attachment C. Ms. Roiz explained that the Uniform Guidance Report begins on page 70. Pages 1 to 69 contain the Financial Statements that were reviewed and accepted by the Audit Committee at the September 24, 2020 Audit Committee meeting. This report had to be submitted to the City of Philadelphia by September 30th since the College is a component unit of the City.

The Uniform Guidance deadline is at the end of March. In addition to the usual compliance and control testing, Grant Thornton had to perform additional testing relating to the CARES Act funding that the College was awarded in spring. Ms. Roiz announced that they completed their procedures and have issued a clean draft report (Attachment C). The report includes Grant Thornton's opinion on the Scheduled of Expenditures of Federal Awards (SEFA) and Agreed Upon Procedures for a DHS grant. Mr. Ney then provided an overview of the required communications. He shared the slide on Areas of focus for Single Audit. Mr. Ney explained that in addition to the usual student financial aid cluster, they had to include the Higher Education Emergency Relief Fund (HEERF) awarded to the College. The Career and Technical Education grant was audited last year but was not included this year as it only has to be audited once every three years. Ms. Roiz explained that the audit guidance for the HEERF was not released until just before Christmas. She commended management for making every effort to be in compliant earlier in the year given the lack of clear guidance.

Mr. Ney then reviewed the SEFA highlighting the three separate programs under the CARES Act. The Department of Education(DOE) requires that these grants include the word "COVID-19" on the titles. Each CARES Act grant has separate requirements and testing. The student aid portion can only be disbursed to students, the institutional portion covered costs incurred due to the COVID-19 disruptions and the minority serving institution portion covered part of lost revenue from the parking garage. The SEFA was the basis of Grant Thornton's Uniform Guidance testing. Dr. Generals asked whether any of the newly issued guidance changed these. Ms. Roiz answered no and explained that it covered the HEERF I funds. The DOE continues to layer on earlier guidance but allowing more flexibility and broader coverage of lost revenues. Mr. Ney then reviewed the Schedule of Findings and Questioned Costs. He reported there were no material weaknesses identified, no audit findings, and no questioned costs. Ms. Roiz added that this year they had to perform additional testing to verify that students participated in online courses. Mr. Simonetta asked how they audited participation in a remote learning environment. Ms. Roiz explained the Federal Student Financial Aid Handbook provided a host of examples. Grant Thornton looked for evidence that students posted on the message board, asked questions, and submitted assignments, in addition to reviewing be an increase in audit time with the additional HEERF funding. Ms. Roiz explained that from a scoping perspective, they usually audit two or three major programs; but if the number increases, then it will require more time and increase in cost.

Action: Mr. Simonetta asked for a motion to accept the June 30, 2020 Uniform Guidance Audit Report. Ms. Hernández Vélez made the motion and Mr. Herzog seconded the motion. The motion passed unanimously.

(3) Internal Audit Update (Information Item):

Mr. Lucas provided an update on the 2020-2022 Internal Audit Plan. He provided a summary report of activities since the last Audit Committee meeting and a spreadsheet of the Internal Audit Plan by email in advance of the meeting. Mr. Lucas stated that four audit reports had been finalized and issued to management, three other reports have been drafted and issued to management, and that two are currently in process. Mr. Lucas noted that he had been out sick for over a month and that he expected to complete the two audits started in the current quarter by the end of April. He also reviewed the 2020- 2022 Internal Audit Plan in Excel format showing what stages the individual audits were at based on the codes shown on the plan.

Ms. Roiz asked about the review of the external audit of network security. Mr. Lucas stated that he reviewed the report including the scope, types of testing, the results and recommendations, and management's responses to the recommendations. He also stated that one of the recommendations in the internal audit report was that the results should be shared with the Audit Committee. Ms. Roiz asked if management could provide a copy of the report to Grant Thornton for their IT group to review in conjunction with the IT testing they perform each year. Mr. Eapen stated he would provide a copy to her. Mr. Lucas also reviewed with the Committee the Internal Audit Follow Up Matrix on which the audit comments, recommendations, and management's action plans are tracked. The matrix had also been distributed to the Committee members by email in advance of the meeting. He noted that management had made progress on the open action plans with 23 comments for which management had completed the agreed-upon action plans. Mr. Lucas noted a number of action plans remain that are in progress, or for which more than a year has passed since the original target date for the agreed-upon actions.

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.

(4) Internal Audit Committee Update (Information Item):

Mr. Lucas also noted that the Internal Audit Committee meets at least once each quarter and has met more frequently since the last Audit Committee meeting. Mr. Simonetta inquired whether the Internal Audit Committee was working as intended when the committee was formed. Mr. Lucas stated that it has been working as intended which is evidenced by the recent completion and finalization of both recent audit reports on a timelier basis, and that ones from prior periods are also getting the attention needed to help finalize those as well.

(5) Next Meeting:

The next meeting of the Committee will be in June 2021 at which time Grant Thornton will discuss their proposed Audit Plan for the 2020-2021 Fiscal Year.

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.

GSL/lmh
Attachments

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

ATTACHMENT B
Grant Thornton's
2021 Audit Presentation & Discussion



PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

2021 Annual Audit Planning Presentation

Community College of Philadelphia

June 15, 2021

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

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Audit timeline & scope

April – May 2021	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
June 2021	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 (e.g., discuss recently issued accounting pronouncements of relevance)
June – July 2021	Preliminary risk assessment procedures	<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
July 2021	Walkthroughs	<ul style="list-style-type: none"> • Perform walkthroughs of business processes and controls
August – September 2021	Final fieldwork	<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/accuracy of disclosures • Present results to the Audit Committee (short-form financial statements)
Report issuance date	Deliverables	<ul style="list-style-type: none"> • Financial Statements (short-form in September and Uniform Guidance in March) • Listing of unrecorded misstatements and omitted disclosures (if any)

Significant risks and other areas of focus

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

Significant risk

Procedures

Tuition revenue, auxiliary enterprises and related receivables/deferred revenue

- Perform reasonableness test on tuition and fees, student aid and auxiliary revenue amounts.
- Perform detailed testing of a sample of transactions, agreeing to source documentation
- Perform deferred revenue testing to determine proper cut-off.
- Assess management's analysis of allowances for doubtful accounts for reasonableness, consistency with methodology and accuracy of inputs.

State and Federal Grants & Contracts

- Review contract documents to obtain understanding of the terms.
- Compare revenues and recorded expenses to determine that amounts are being recorded appropriately based upon the terms of the contracts.
- Review any deferred amounts for reasonableness.
- Agree any subsequent collections to year-end receivable balances.
- Review propriety of financial statement presentation and disclosure.

Significant risks and other areas of focus (continued)

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

Significant risk	Procedures
Management override of controls – (presumed fraud risk and therefore significant risk in all audits)	<ul style="list-style-type: none">• Consider the design and implementation of entity-level controls, including information technology controls, designed to prevent/detect fraud.• Assess the ability of the College to segregate duties in its financial reporting, information technology, and at the activity-level.• Conduct 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.• Perform risk assessment for journal entries and detail test a sample of journal entries based on our risk assessments to ensure propriety of the entries.

Significant risks and other areas of focus (continued)

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

Areas of Focus

Procedures

Valuation of investments

- Obtain independent investment valuation and monitoring reports from investment managers.
- Confirm existence of investment holdings directly with custodians.
- Test reasonableness of investment-related income, including unrealized appreciation/(depreciation) in fair values.
- Obtain most recent independent auditors' reports for all non-marketable alternative investment positions. Review auditors' reports to assess quality of financial reporting and type of opinion received.
- Obtain SSAE16 reports from investment custodians.
- Evaluate prioritization of inputs used to determine fair value investment assets is reasonable and in accordance with GASB 72, *Fair Value Measurement and Application*, and review related disclosures.

Significant risks and other areas of focus (continued)

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

Areas of Focus	Procedures
Appropriations revenue	<ul style="list-style-type: none">• Obtain detail of appropriations received for the fiscal year.• Confirm amounts, agreeing to revenue recorded in general ledger.• Review receivable balance, reconciling the cash received to amounts outstanding based on confirmation.
<i>GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>	<ul style="list-style-type: none">• Review the analysis of accrued postretirement benefit obligations.• Assess the reasonableness of actuarial assumptions: discount factor, trend rates and cash flows, amongst others.• Test participant census data.

Significant risks and other areas of focus (continued)

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

Areas of Focus	Procedures
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 Level 2 investments which are based on NAV per share, actuarial estimates for the College's post-retirement benefit plan (OPEB) under GASB 75, and actuarial estimates for the College's self-insurance medical claims liability (IBNR). Our procedures have been designed in part, to review these estimates and evaluate their reasonableness.
Financial statement disclosures	Our procedures will also include 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.

Areas of focus for Single Audit

The following provides an overview of the major programs **expected** to be tested this year. This is subject to change after a final schedule of federal awards is provided.

Major program(s)	2021	2020	2019
Student financial aid	X	X	X
Education Stabilization Fund	TBD	X	

Areas of focus for Single Audit (continued)

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

Areas of Focus	Procedures
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 program(s) and risk assessment.• Review the respective federal compliance supplements and, as applicable, the specific grant/award agreements and assess and document the applicable compliance requirements.• Document/update internal controls over compliance for each of the respective major federal program(s) or cluster(s).• Test 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.• Test the reconciliation of the schedule of expenditures of federal awards to the respective amounts included within the financial statements.

Areas of focus for Single Audit (continued)

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

Areas of Focus	Procedures
Compliance with Uniform Guidance (continued)	<ul style="list-style-type: none">• Communicate compliance/control findings, if any, to management and TCWG.• Address resolution of communicated compliance/control findings and understand management's response to be included in the corrective action plan.• Assess completeness of disclosures related to the federal schedule of expenditures, including the impact of any new federal funding associated with COVID 19 pandemic relief received during the year (e.g., HEERF, CRRSAA, etc.).• Render respective independent auditor opinions.• Prepare the appropriate sections of the federal Data Collection Form submitted to the Federal Audit Clearinghouse.

Technology support as part of the audit process



An important component of our audit approach is to understand how IT is used and deployed 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

1. Financial aid module review
2. Administrator Access & Password Testing

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.



Technical updates - GASB

Selected pronouncements effective for the year ending June 30, 2021 or subsequent periods - GASB

Title	Effective date
GASB 84 – Fiduciary Activities	Periods beginning after December 15, 2019
GASB 87– Leases	Periods beginning after June 15, 2021
GASB 89 – Accounting for Interest Cost Incurred before the end of a Construction Period	Periods beginning after December 15, 2020

GASB Statement 84, *Fiduciary Activities*

Summary

- Guidance addresses the following:
 - 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:
 - 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 15, 2019.

Potential impact

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.

GASB Statement 87, *Leases*

Summary

- The GASB issued guidance which resembles the 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" intangible 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
-

GASB Statement 87, Leases (continued)

Summary, continued

- For Lessors:
 - Record a lease receivable and a deferred inflow of resources equal to the present value of future lease payments (which should generally equal the amount recorded as a liability by the lessee), and also continue to report the leased asset
 - The receivable will be reduced as cash is received, the asset will be depreciated (generally) and the deferred inflow will be recognized over the lease term
 - Disclosures include matters such as general description of leasing arrangements, total amount of inflows of resources, and those related to variable payments, residual guarantees, etc., and the existence, terms and conditions of options by the lessee to terminate the lease or abate payments in certain circumstances, among other disclosures
- Effective for periods beginning after June 15, 2021, 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 15, 2022 so the beginning period is July 1, 2021).

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.

GASB Statement 89, Accounting for Interest Cost Incurred before the end of a Construction Period

Summary

- This Statement improves financial reporting by providing users with more relevant information about capital assets and the cost of borrowing and enhancing comparability of information for both governmental activities and business-type activities.
- Financial statements prepared using the economic resources measurement focus:
 - Interest cost should be recognized as an expense in the period incurred.
- Financial statements prepared using the current financial resources measurement focus:
 - Interest cost should be recognized as an expenditure consistent with governmental fund accounting principles.
- Effective for periods beginning after December 15, 2020, with early adoption encouraged. Changes to adopt this standard should be applied prospectively at adoption.

Potential Impact

- Universities may have varying amounts of interest incurred during periods of significant construction. With the implementation of this new guidance, complex calculations of interest to be capitalized will no longer be required, thus simplifying accounting requirements. The new accounting accelerates the expense impact for the construction period, which should be considered when preparing budgets for future periods.



Industry updates

Moody's revised 2021* outlook for the Higher Education sector went from “negative” to “stable”



“Improved revenue prospects over the coming 12-18 months”

- Potential return to campus in Fall 2021, bolstering not only tuition and fee revenue, but auxiliary revenue as well
- Federal funding boost
- Steadier outlook for state funding
- Strong investment returns



Possible return to negative outlook if:

- Public health crisis continues
- A deterioration in macroeconomic conditions that threaten state funding and higher education affordability
- Material decline in financial markets

Not all universities will benefit equally; sector continues to face long-term demographic changes and shifts in consumer preferences

Global credit themes affecting Higher Education

MOODY'S



Uneven recovery

- State support will vary across the country as states grapple with their own budget issues
- Larger universities with a national draw will fare better than smaller, more regional colleges
- Consumer confidence and the pace of economic recovery will affect where a student attends college



Policy challenges

- Federal higher education policy will be increasingly important over the next several years
- Affordability and accountability will remain in the spotlight at both the state and national levels
- Federal funding priority shifts may limit federally sponsored research growth



Rising debt burdens

- Universities will continue to use a variety of balance sheet tools to mitigate mounting deficits
- The largest universities have moved-up borrowing to take advantage of low interest rates
- Rise in taxable borrowing will likely continue, giving universities greater financial flexibility



Grant Thornton

Global credit themes affecting Higher Education

MOODY'S



Digital transformation

- Pandemic has accelerated use of technology in education; students will demand more digital engagement
- Confidence in a university's digital infrastructure will factor into student choices
- Universities will have to embrace shift toward online teaching to remain competitive



Environmental impact

- Sustainability will continue to play a key role in campus infrastructure and investment
- Wildfires, hurricanes and flooding continue to cause financial and operational disruption for some



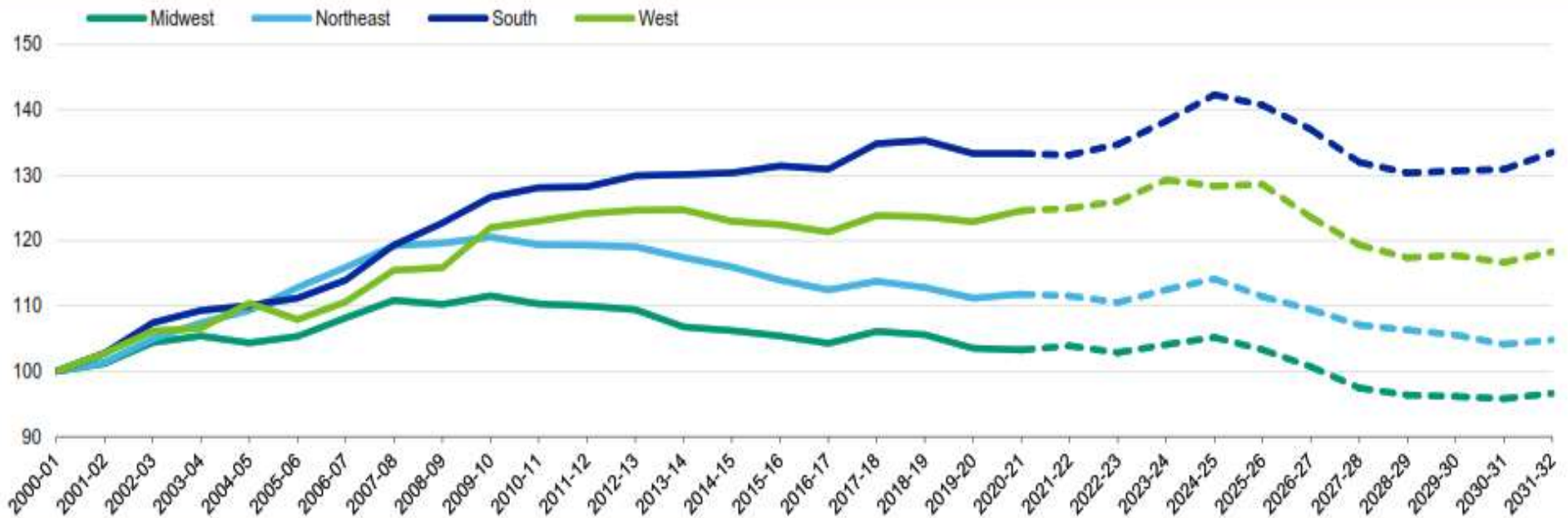
Social trends

- Debate over value offered by higher education will continue
- Universities will focus on offering programs with strong employment outcomes at affordable prices
- Pricing scrutiny means universities may not be able to offset lower state support with tuition increases

Enrollment projections remain stagnant

MOODY'S

Exhibit 6
Enrollment for traditional-age students will be stagnant over the next decade, particularly in the Midwest and Northeast
% change in enrollment growth indexed to academic year 2000-01



Source: Western Interstate Commission for Higher Education

S&P's 2021* outlook for the Higher Education sector also remains “negative”

“Many schools were having difficulty meeting enrollment and revenue targets pre-COVID; the pandemic has exacerbated those pressures, and has forced a fundamental shift in business models for all.”



Uneven economic recovery

Varied state responses to the virus and disparate economic conditions.



COVID containment

Successful vaccination is critical for in-person resumption; competition for students is increasing.



State revenue pressure

Material state funding cuts or deferrals could challenge operations further.



Federal stimulus

Timing and magnitude of additional federal support is critical.

S&P Outlook Factors, continued

“Limited flexibility in financial operations, enrollment, resources or student draw will most likely weaken credit profiles in 2021 and beyond”



Operating margins and liquidity

Revenue loss and expenses related to COVID-19 will likely yield weaker margins and make cash flow a greater priority.



Event risk

Increasing cybersecurity breaches, social unrest, scandals, can cause disruptions.



Financial flexibility

Strong balance sheets and access to liquidity continue to support many credits.



Growing credit quality bifurcation

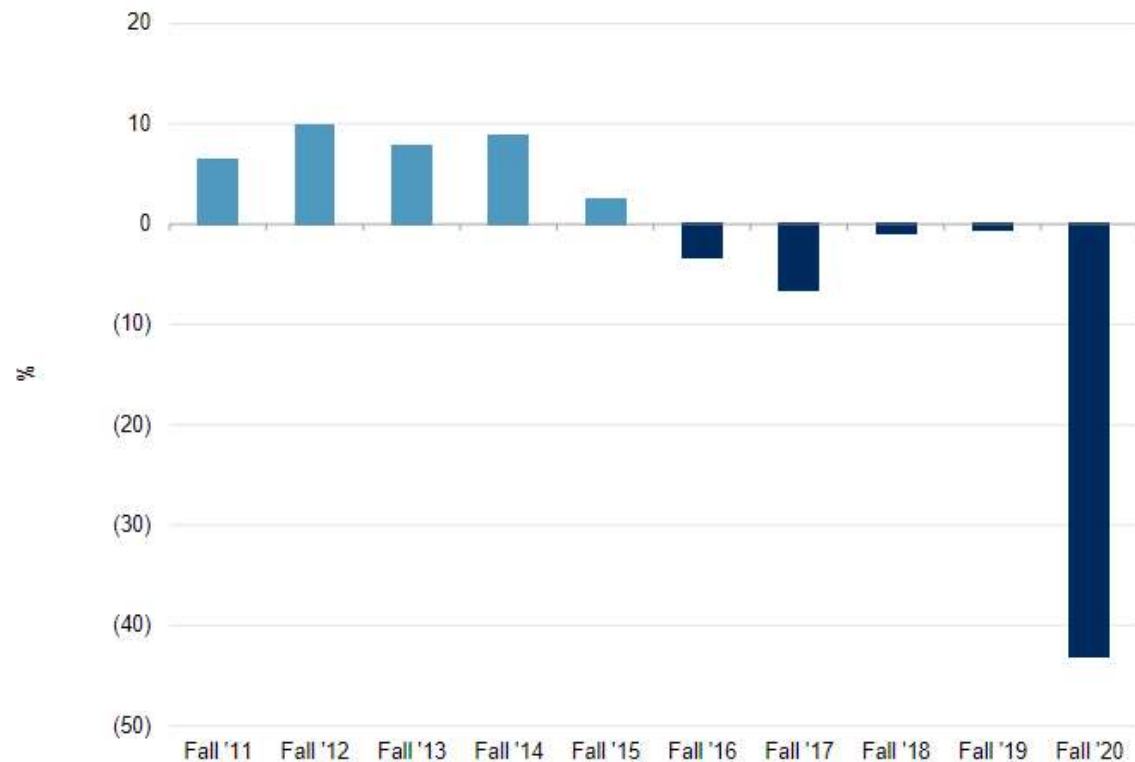
Challenges facing the industry are not impacting all schools equally.

Major decrease in international enrollment

- Multi-year trend in declines of net international students enrolled in the U.S.
- Massive 43% decline in new international students for Fall '20
- One positive would be to see changes to federal visa regulations that increase international enrollment
- International increases could then potentially help offset domestic decreases

Chart 6

Percent Change In New International Students Enrolled In The U.S.



Source: 2020 Open Doors Report on International Educational Exchange
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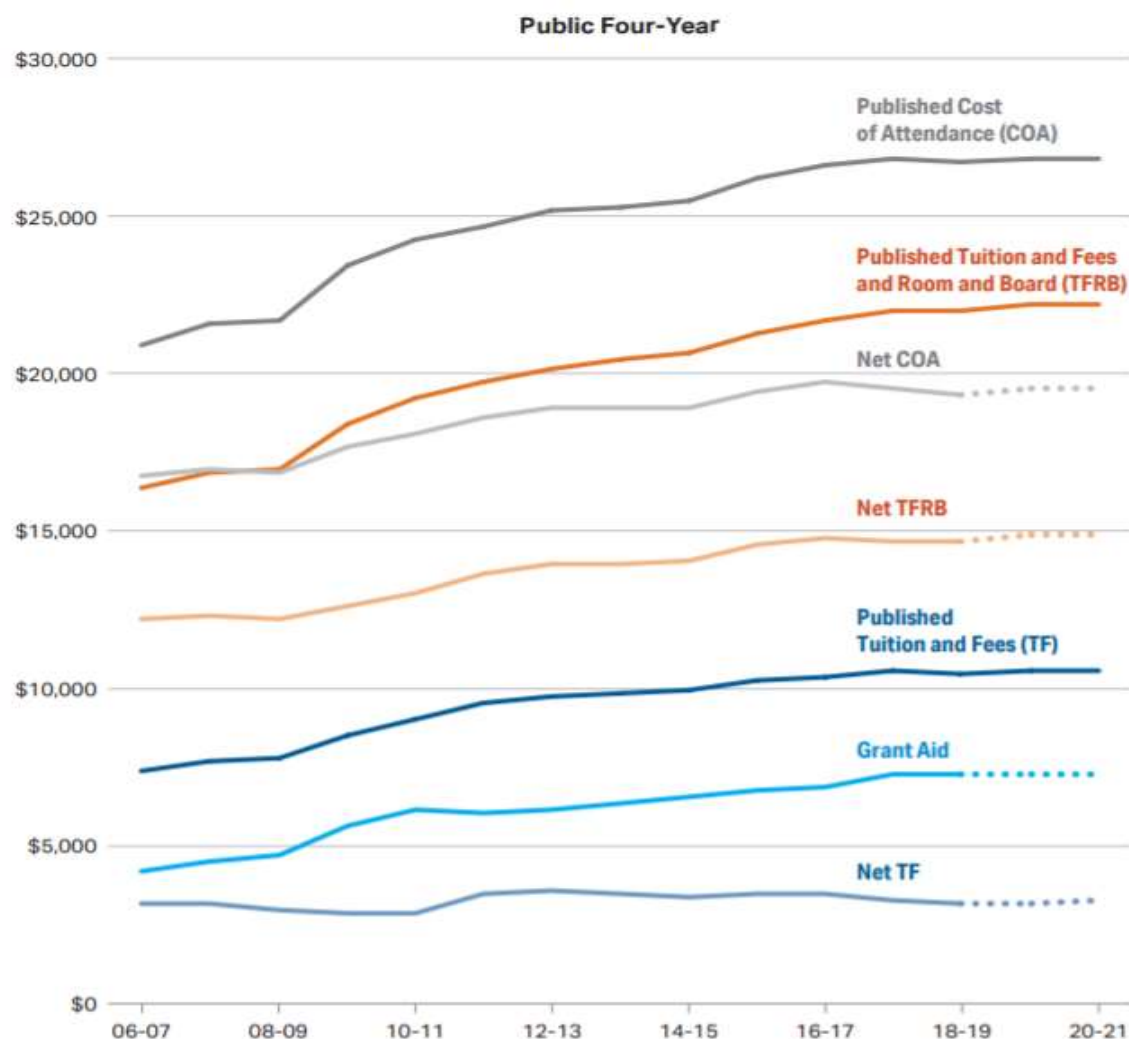
Washington Update



- Unprecedented federal relief for Higher Education due to COVID19
 - April 2020-> HEERF \$14B
 - December 2020-> CRRSAA (“HEERF round 2”) \$23B
 - March 2021-> ARA nearly \$40B
 - At least half will be spent on emergency grants to students
 - Allocation formula similar to formula used for CRRSAA
 - Stated allowable uses are similar to CRRSAA, with two new requirements- institutions must use a portion of their allocation to:
 - 1) implement evidence-based practices to monitor and suppress coronavirus in accordance with public health guidelines; and
 - 2) conduct direct outreach to financial aid applicants about the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or independent student, or other circumstances.
- Higher Education topics expected to be addressed during the Biden Administration
 - Higher Education Act Reauthorization
 - Title IX
 - DACA
 - Comprehensive immigration reform

Trends in pricing

Average Published and Net Prices in 2020 Dollars, Full-Time Undergraduate Students at Public Four-Year Institutions, 2006-07 to 2020-21






Source: The College Board, Trends in College Pricing 2020

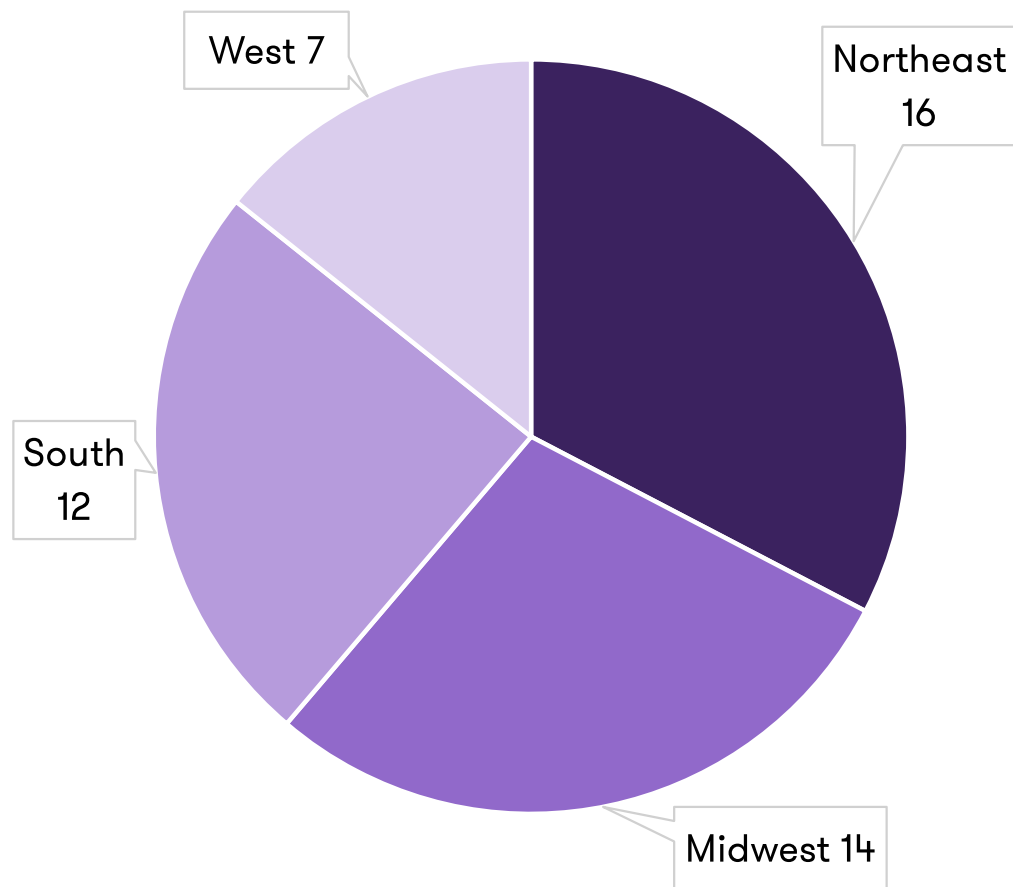
While **published prices** show large increases, **net tuition and fees** show small increases.

2021 Top IT Issues in Higher Education



RESTORE 	EVOLVE 	TRANSFORM 
#1. Cost Management Reducing institutional costs and increasing workforce efficiency	#1. Student Success Advancing student support services to help students attain academic and career goals	#1. Institutional Culture Contributing to a culture of transformation
#2. Online Learning Strengthening online and hybrid education	#2. Equitable Access to Education Providing technologies, support, and policies for diverse users	#2. Technology Alignment Identifying and applying sustainable digital strategies and innovations
#3. Financial Health Revising budget models and IT governance	#3. Online Learning Progressing from emergency remote teaching to online learning	#3. Technology Strategy Developing an enterprise architecture that keeps pace with strategic change
#4. Affordability & Digital Equity Providing increased support for students' technology needs and enabling technology availability	#4. Information Security Developing a cybersecurity operations strategy	#4. Enrollment & Recruitment Exploring and implementing creative holistic recruitment solutions
#5. Information Security Providing information security leadership	#5. Financial Health Partnering to develop new funding sources	#5. Cost Management Focusing on digital transformation

Closed or merged in 2016-2020 by region



2020 Closings

- Holy Family College (WI)
- Urbana University (OH)
- Nebraska Christian College (NE)
- MacMurray College (IL)
- Concordia University – Portland (OR)
- Pacific Northwest College of Art (OR)

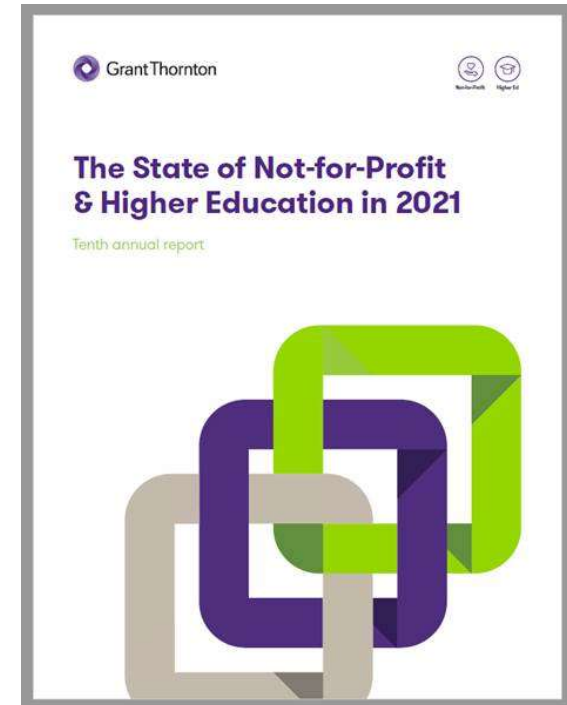
2020 Mergers:

- Wesley College (MA)
- School of Architecture at Taliesin (AZ)
- Pine Manor College (MA)
- Robert Morris University (IL)
- Watkins College of Art (TN)
- Martin Methodist College (TN)

Guidance on important emerging developments and challenges

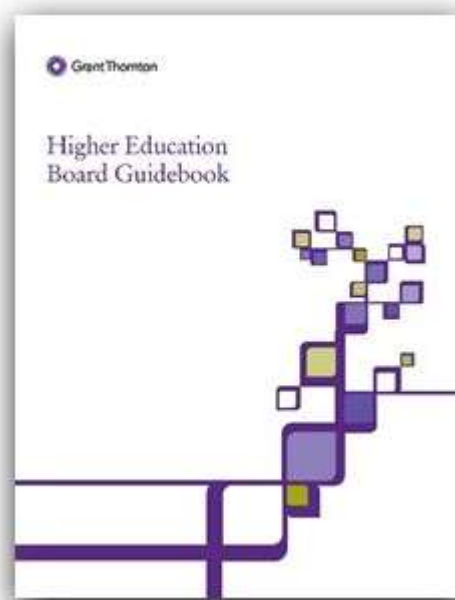
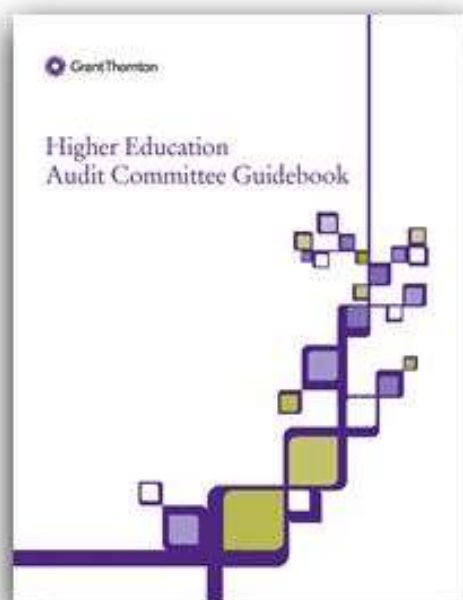
Articles in our 2021 report:

- Navigating the IRS during COVID
- The case for agility in times of turmoil
- Cultural transformation in higher education
- Something old, something new, something borrowed, and something blue
- Social media trends and strategies in the digital age
- New challenges, new solutions: Innovative funding in the private foundation space
- Tomorrow's working world: Envisioning remote work after COVID
- Driving value creation for nonprofit stakeholders
- Budgeting transformation in higher education
- Caution ahead: The future for higher education administrators, students and faculty
- Is online program management right for your institution?



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2021 Webcast series

Each year, leaders from Grant Thornton LLP's Not-for-Profit and Higher Education Practices provide learning opportunities through our webcast series. These sessions cover a wide variety of trending topics and regulatory updates relevant to not-for-profit and higher education management and trustees. We welcome you to visit [grantthornton.com/nfp](https://www.grantthornton.com/nfp) "Upcoming webcasts and events" for more information on upcoming webcasts or to access past webcasts, which are archived for one year.



FEB 17

Attracting diverse candidates to board and senior leadership positions



AUG 11

Nonprofit accounting, regulatory and Uniform Guidance update



MAR 24

State of the not-for-profit and higher education sectors



NOV 17

Applying a customer lens to measure your nonprofit's performance



MAY 19

The future of ERM in not-for-profit organizations

All webcasts are from 1:00-2:30 p.m. CT.

Registration link: <https://www.grantthornton.com/events/NFP/2021/NFP-Webcast-Series-2021.aspx>

ATTACHMENT C

FY 2021-2021 Budget Highlights

COMMUNITY COLLEGE OF PHILADELPHIA

FY21-22 BUDGET HIGHLIGHTS

Tuition

- No tuition increase proposed for FY22
- No tuition increase in the last five years
- One tuition increase in the last nine years
- The College has moved from one of the highest tuition rates amongst the PA Community Colleges and is now in the middle

Budget

- Salaries & Benefits = 80%
- All Other Expenses = 20%
- Instructional and Academic Services 46%, General Administration 22%, Student Support 12%, Facility & Security Operations 11%, Academic Administration 4%, Information Technology 4%, PowerUp 1%

The FY21-22 budget includes the following initiatives link to the following pillars:

The Student Experience

- \$8.8 million has been appropriated for the continuation of the Octavius Catto Scholarship program
- Two additional full-time academic advisors
- Eleven Visiting Lecture Positions
- Ten new positions within Enrollment Management & Strategic Communications
- Six new positions along with operating expenses to support the expansion of the Center for Male Engagement

Workforce Development, Readiness and Economic Innovation

- \$500K investment to support the planned opening of the CATC
- Coordinator – Non-Credit Healthcare Programs added

COMMUNITY COLLEGE OF PHILADELPHIA

FY21-22 BUDGET HIGHLIGHTS

External and Internal Community Relations

- \$500K investment to support the College's Marketing & Website Rebrand
- Institutional Advancement Campaign Consultant

World-class Facilities

- \$300K investment to update the Facilities Master Plan
- Restore Contracted Cleaning and Security Levels to Pre-COVID

Fiscal Stability and Sustainability

- Stable financial position and positioning College for growth

Diversity, Equity & Inclusion

- 5 Diversity Fellow Positions
- Diversity Consultant

Several investments to Technology, Training, Facility Upgrades and PPE funded through Higher Education Emergency Relief Funds

TABLE I

**BUDGET SUMMARY - FUNDING SOURCES AND APPLICATION OF FUNDS
FOR THE FISCAL YEAR JULY 1, 2021 - JUNE 30, 2022**

FUNDING SOURCES	Operating	Capital	Catto Scholarship Program	Total
Student Tuition	\$47,200,675			\$47,200,675
Student Technology Fee	9,154,954			9,154,954
Credit Course Fee	3,094,952			3,094,952
Distance Education Fee	1,625,535			1,625,535
Adult Literacy Program Fee	66,672			66,672
Senior Citizen Fee	12,593			12,593
Other Non-Instructional Fees	882,546			882,546
City of Philadelphia	33,367,206	5,942,001	\$8,818,868	48,128,075
Commonwealth of Pennsylvania	32,437,263	5,657,509		38,094,772
Interest Income	194,742			194,742
Indirect Cost Allowances	301,558			301,558
Vocational Education Support Funds	350,000			350,000
Miscellaneous Income	269,261			269,261
HEERF	<u>9,029,938</u>			<u>9,029,938</u>
Total Current Operating Revenues	137,987,895		8,818,868	158,406,273
Student General, and Other Fees	1,466,065	288,814		1,754,879
Grant Capital Revenues		<u>400,000</u>		<u>400,000</u>
Total Educational and General Revenues	139,453,960		8,818,868	148,272,828
Auxiliary Enterprises	1,132,635			1,132,635
TOTAL SOURCES OF FUNDS	<u>\$140,586,595</u>	<u>\$12,288,324</u>	<u>\$8,818,868</u>	<u>\$161,693,787</u>
APPLICATION OF FUNDS				
Operating Budget Salary Expenses	\$75,593,744			\$75,593,744
Operating Budget Staff Benefits Expenses	35,466,058			35,466,058
All Other Operating Budget Expenses	26,381,268			26,381,268
PowerUp Your Business	800,000			800,000
Catto Scholarship Program Expenses			<u>\$8,818,868</u>	<u>8,818,868</u>
Reduced Current Operating Expenses	138,241,070		8,818,868	147,059,938
Student Activities & Commencement	<u>1,908,986</u>			<u>1,908,986</u>
Total Educational and General Expenditures	140,150,056		8,818,868	148,968,924
Auxiliary Enterprises	436,539			436,539
Capital Acquisitions		\$1,231,040		1,231,040
Debt Service		<u>11,057,284</u>		<u>11,057,284</u>
TOTAL USES OF FUNDS	140,586,595	12,288,324	8,818,868	161,693,787
Transfer to Student Activities Reserve	<u>0</u>			<u>0</u>
TOTAL APPLICATION OF FUNDS	<u>\$140,586,595</u>	<u>\$12,288,324</u>	<u>\$8,818,868</u>	<u>\$161,693,787</u>

ATTACHMENT D

2020-2022 Internal Audit Plan Status

COMMUNITY COLLEGE OF PHILADELPHIA

Date: June 9, 2021
To: Audit Committee Members
From: Robert Lucas, Internal Auditor
Subject: Internal Audit – Plan Status and Other Information
Copies: Donald Generals, Jacob Eapen, Victoria Zellers

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

- Finalized audit reports:
 - Forgivable Loans
 - Residency Verification
- Draft reports in discussion with management:
 - 50th Anniversary Scholars Program
 - Send Word Now
- Audits in progress:
 - CAN-SPAM Act / Social Media
 - PC Lending Program
 - Part-Time Faculty Medical Benefits
- Updated the Internal Audit Follow Up Matrix based on responses and target dates from senior management.
- Internal Audit Committee meeting are scheduled quarterly and continue to occur via Zoom chaired by the Internal Auditor.

* * * * *

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

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage	Planned Quarter
Financial Audits					
Check Requests - Vendors	L	Verify controls for payments to vendors	2021	7	2
Check Requests - Employees	L	Verify controls for reimbursements to employees	2021	7	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	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	7	1
IT Audits					
Network Security	L	Determine adequacy of controls for systems access via review of external audit work	2021	7	1
Send Word Now	M	Determine adequacy of administration controls (roles and responsibilities; database; testing)	2021	6	3

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

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage	Planned Quarter
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	4	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	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; corporate initiatives; significant changes; known problems/issues; staff/faculty satisfaction; and executive override.

Community College of Philadelphia

Internal Audit Follow Up Matrix

	<i>Report Date</i>	<i>Area/ Responsible Party</i>	<i>Recommendation</i>	<i>Target Date</i>	<i>Management Response / Follow up</i>
59	5/25/2016	ITS Physical Security John Wiggins	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) 5/31/22	<p>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.</p> <p>The project has been re-scheduled for the Spring/Summer of 2018.</p> <p>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.</p> <p>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.</p>
63	5/25/2016	ITS Physical Security John Wiggins Vijay Sonty	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 6/30/21	<p>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.</p> <p>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.</p> <p>The scope of work for this project was completed. RFP is expected to be posted by 10/4/17 with work to be completed by 4/30/18.</p> <p>RFPs have been issued. Work is expected to be performed over the summer 2018 and completed by the start of the fall semester.</p> <p>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.</p> <p>Several RFPs have been issued but costs were prohibitive vs the risk. Work was expected to be performed over the summer 2018 and completed by the start of the fall semester. Fire Suppression preparations for MG-6A and W1-E1 was completed on ceilings and rooms to support the fire suppression equipment. Facilities/IT engaged a Data Center consultant through Dell and it was determined that an alternative Rack Mount enclosures with Fire Suppression and containment would possibly be a more cost effective solution. Quotes were obtained and discussions with consultants, Facilities/IT Staff determined that a data center study should be considered to further evaluate all IDF/MDF's at each campus. Rack Mount enclosures with Fire Suppression have been procured. They will be installed in 2-3 months once all electrical work is completed. The long-term goal is to move to Data Center to the cloud in 3-5 years.</p>

Community College of Philadelphia

Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
75	5/24/2018	Disaster Recovery and Response Plan Vijay Sonty	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 5/31/21 8/31/21	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). Will address this in the new Technology Plan which has been been drafted. Waiting to review will all College-wide committees to seek approval. Will be completed by end-of-May 2021.
77	5/24/2018	Disaster Recovery and Response Plan Vijay Sonty	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 5/31/21 8/31/21	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. Will address this in the new Technology Plan which has been been drafted. Waiting to review will all College-wide committees to seek approval. Will be completed by end-of-May 2021.
80	5/24/2018	ITS Physical Security John Wiggins Vijay Sonty	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 6/30/21	See Management Response / Follow Up for item # 63 above.
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.
85	6/19/2018	Emergency Operations Plan Randolph Merced Allan Kopernick	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.	1/21/2020 4/30/21 8/31/21	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. The script for the video has been approved and production should begin in February / March 2021.
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.

Community College of Philadelphia

Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
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.	9/30/2019 8/31/21	<p>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.</p> <p>The Director of Public safety has assigned a working group form in the summer months to review and update the EOP. The data from the year, recommendations and revisions will be documented at that time. If there are no changes then the working group will advance the current report with an updated date reviewed signature on the Document's signature page.</p>
88	6/19/2018	Emergency Operations Plan Robert Lucas	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.	5/15/2020 4/30/21 8/31/21	<p>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.</p> <p>The Chief of Staff accepted responsibility for working with the Cabinet to ensure recovery plans were in place where needed through the College. Disaster Recevery Plans were developed in late 2019/early 2020 by all functional areas deemed to be critical by the division VP. Annual updates will be performed each year. The 2020 consolidated plan will be distributed by April 30, 2020.</p>
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.	12/31/2019 5/28/21 8/31/21	<p>The Critical Communications Plan is being revised and will be distributed to appropriate College managers. Target date for revision is December 31, 2019.</p> <p>The Critical Communications Plan will include designated media contacts and their contact information. The plan is expected to be completed by May 28, 2021.</p>
93A	9/7/2018	Non-ITS Administered Programs Vijay Sonty	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 5/31/21 8/31/21	<p>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.</p> <p>Cyber Breach Committee will be established and timetble and goals will be addressed in the next 90 days.</p>
93B	9/7/2018	Non-ITS Administered Programs Victoria Zellers	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.	10/31/2019 5/31/21 8/31/21	<p>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.</p> <p>Cyber Breach Committee will be established and timetble and goals will be addressed in the next 90 days.</p>

Community College of Philadelphia

Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
94	9/7/2018	Non-ITS Administered Programs Vijay Sonty	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 5/31/21 8/31/21	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. CIO will review contracts with purchasing in the next 90 days.
95	9/7/2018	Non-ITS Administered Programs Vijay Sonty	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 5/31/21 8/31/21	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. This recommendation will be followed up after the Cyber Breach Group has been established.
96	9/7/2018	Non-ITS Administered Programs Vijay Sonty	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 5/31/21 8/31/21	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.
97	9/7/2018	Non-ITS Administered Programs Vijay Sonty	Internal Audit requests that ITS confirm that it has access right to each program currently in use throughout the College.	TBD 5/31/21 8/31/21	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.
120	1/29/2020	Residency Verification Shannon Rooney	Internal Audit recommends that management consider that the procedures related to residency verification for students as currently documented and available in various areas, are not the procedures which are currently in practice during the application and admission processes.	06/30/21	The College will update the Residency policy. The College's admissions office will document the procedures that they currently use to verify residency in an internal facing procedures manual by June 30, 2021.
122	9/30/2020	Network Security Review Vijay Sonty	Internal Audit recommends that management consider revising the policy to include audits and reviews such as this one which may not fall under the current defined scope of those which are the subject of the policy. This would ensure that the results of audits and reviews are presented to the Board including the findings, recommendations and action plans. The Board should be informed of the status of any such action plans until they are completed.	02/08/21	Management agrees with the recommendation to revise the current policy to ensure that the results of such reviews which include recommendations to create or strengthen internal controls, will be reported to the Audit Committee including progress updates related to recommended actions until they are completed. The Internal Audit Committee agreed on, and proposed suggested language to the Cabinet, to be included in a revision of this policy. The revised policy was approved by the Cabinet and the policy was posted on the College's website on February 8, 2021.

Community College of Philadelphia

Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
128	12/30/2020	Vendor Check Requests Gim Lim	Internal Audit recommends that the Desk Reference Guide be reviewed and updated annually for any changes to the procedures or the codes which are listed in the guide. This will help ensure users of the guide, both within and outside of the Finance Department, have up-to-date information to reference when processing check requests. Revision dates should be listed in the guide when changes are made. Annual reviews should be assigned to staff and evidenced in some manner to document the review.	TBD	Agree. We will coordinate the updating of the Desk Reference with the Budget Office. Desk Reference was updated and provided to Internal Audit on May 4, 2021.
130	12/30/2020	Forgivable Loans Victoria Zellers	Internal Audit recommends that management establish controls to require school documentation of the successful completion of courses for which loans were provided. Such controls should help ensure the legitimacy of information submitted by participants at the time the loans are requested.	06/30/21	Management will work on adding more controls to verify coursework and payment information including: (1) employee must submit an accurate copy of the invoice and a FERPA waiver to allow the College's representatives to call the institution and verify the enrollment, course registration, and payment amounts; and (2) employee must provide proof of payment. Although the FERPA Waiver will permit verification by the Controller's Department, HR, supervisors, and Divisional Vice Presidents or his/her designee, at this time it is intended that it will be the responsibility of each Vice President to designate someone in their area to verify the request for each semester in order to have a loan request approved. Management will update policy application by June 30, 2021.
131	9/23/2020	Forgivable Loans Victoria Zellers	The current policy governing forgivable loans, Policy #206 (dated 2010) should be reviewed for potential revisions after management has considered all of the comments and recommendations in this report.	06/30/21	The policy will be reviewed and changed to be consistent with the CBAs and College practice. Policy will be updated by June 30, 2021.
132A	9/23/2020	Forgivable Loans Victoria Zellers	Internal Audit recommends that management enhance the documented procedures to help ensure that other staff can perform all of the necessary tasks in the absence of the primary staff. The procedures should also address the necessary interactions with Human Resources, the President's Office, the Bursar's office and the Payroll group, as well as those to establish repayment agreements, to help ensure all of the related tasks of those groups are performed when needed.	06/30/21	Management will update the controls and verification process and has and will continue to seek opportunities to cross train employees. Policy and application will be updated by June 30, 2021.
132B	9/23/2020	Forgivable Loans Gim Lim	See 132A	07/31/21	Management will update the controls and verification process and has and will continue to seek opportunities to cross train employees. Controllers procedures based on the new application will be updated by July 31, 2021.
132C	9/23/2020	Forgivable Loans Gim Lim	See 132A	08/31/21	Management will update the controls and verification process and has and will continue to seek opportunities to cross train employees. Supervisors will be trained on new application and procedures over August 31, 2021.
133	9/23/2020	Forgivable Loans Victoria Zellers	Management should consider the financial benefits to both the employees and the College under this type of EAP. Internal Audit understands that this is a negotiated benefit in the CBA of both full-time faculty and classified/confidential employees but the tax benefits may be appreciated by the Federation before or during the next negotiation period.	06/30/21	Management will work on adding more controls to verify coursework and payment information including: (1) employee must submit an accurate copy of the invoice and a FERPA waiver to allow the College's representatives to call the institution and verify the enrollment, course registration, and payment amounts; and (2) employee must provide proof of payment. Although the FERPA Waiver will permit verification by the Controller's Department, HR, supervisors, and Divisional Vice Presidents or his/her designee, at this time it is intended that it will be the responsibility of each Vice President to designate someone in their area to verify the request for each semester in order to have a loan request approved. Management will update policy application by June 30, 2021.

Community College of Philadelphia

Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
134	9/23/2020	Forgivable Loans Gim Lim	Internal Audit recommends management consider excluding degree programs which do not have direct relevance to positions or curriculum at the College.	N/A	Management agrees to make changes to the application process. Management will add to the application process that it needs to be reviewed and approved by the supervisor and VP for each loan application to ensure additional loans are consistent with the program originally approved. Management finds it appropriate to retain discretion as to what studies are pertinent to work performed at the College. Cross-training Human Resources, Vice Presidents and Financial Departments will aid in this review. Management disagrees that it should specifically exclude degree programs/ academic certificate programs as management already has discretion to determine what studies are pertinent and does so
135	9/23/2020	Forgivable Loans Lisa Hutcherson	Internal Audit recommends that all documentation and web pages related to the Forgivable Loan program be reviewed and updated as necessary to ensure the information provided by all sources is accurate and consistent.	07/31/21	The Classified CBA states that the Forgivable Loans are continued under “its current forgivable loan policy” which means that the employee has to pay 50% of the tuition. The forgivable loan policy was last revised in 2010 and needs to be updated to reflect changes from the 2012-2016 CBAs. HR web pages will be updated to refer to the Policy by July 31, 2021. The provision on being eligible at 90 days or 1 year (as stated in the CBAs) is the College’s choice. The College may have a policy that is more generous than required in the CBAs, but should not change the CBAs because it is then locked into that change
136	9/23/2020	Forgivable Loans Gim Lim	Internal Audit recommends the documentation requirements for the loan program be strengthened to help the funds are being used as intended and to minimize the risk of fraudulent transactions.	08/31/21	Management will revise the Application to include a FERPA Waiver to allow the College to verify the courses selected, and invoices. Supervisor or staff designated by VP will verify application, courses selected and invoices for each loan. Management disagrees that the employee has to pay and be reimbursed as some employees may not be able to front the costs. Management agrees to require proof of payment and will incorporate this into its processes by August 31, 2021.
137	9/23/2020	Forgivable Loans Gim Lim	Management should consider enhancing the tuition benefit program to require evidence of the completion of courses. Management should also consider revising the program to exclude courses or programs which were previously attempted and failed. Likewise, the policy should require costs for withdrawn classes to be refunded to the College, and completion evidence would help ensure these withdrawals were noted by management.	N/A	This cannot be required without negotiations with the Faculty & Staff Federation. It will be considered for future negotiations.
138	9/23/2020	Forgivable Loans Gim Lim	Internal Audit recommends that management review the classes taken relative to the degree or program requirements originally approved. Management should consider strengthening or creating controls.	TBD	Management does retain discretion to not approve a loan to the extent it is different from the original approved program of study and will build in such a procedure to the semester by semester application to determine if further study is needed for the program originally approved.

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