

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Wednesday, June 8, 2022 – 10:00 a.m.

Present: Mr. Anthony J. Simonetta (*via Zoom*), Mr. Jeremiah White (*via Zoom*), Mr. Michael Soileau (*via Zoom*), Donald Generals, Ed.D., Mr. Jacob Eapen (*via Zoom*), Victoria Zellers, Esq., Mr. Gim Lim, Mr. Vijay Sonty, Ms. Anela Kruse (*via Zoom*), Derrick Sawyer (*via Zoom*), Mr. Robert Lucas, and representing Grant Thornton: Ms. Angelica Roiz and Mr. Alex Ney (*via Zoom*)

Not Present: Mr. Steve Herzog

AGENDA – PUBLIC SESSION

The Audit Committee meeting was held on-campus and also available via Zoom for those who could not attend in person.

1. Approve Minutes of Audit Committee Meeting on March 29, 2022 (Action Item):

Action: Mr. Anthony Simonetta asked whether anybody had corrections or changes to the minutes. Hearing no changes, Mr. Simonetta asked for a motion to recommend acceptance of the March 29, 2022 Audit Committee meeting minutes (Attachment A). Mr. Jeremiah White made the motion and Mr. Simonetta seconded the motion. The motion passed unanimously.

2. 2021-2022 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 timeline and scope for the 2022 annual audit. From May to July, they will be performing preliminary risk assessment procedures, walkthroughs, planning and meeting with management. Fieldwork will be from August through September. Mr. Simonetta asked whether this audit will continue to be performed remotely as in past two years. Ms. Roiz stated that it will be hybrid but they are fine either way depending on management. Mr. Simonetta asked whether the College is on hybrid work schedule at this point and Mr. Jacob Eapen explained employees are currently working two days on-campus each week during summer.

Mr. Ney then proceeded to review the area of significant risks and areas of focus. Mr. Michael Soileau asked whether the areas of significant risks were the results of past history or general areas identified by the auditors. Mr. Ney explained they were areas identified based on their risk assessments. Ms. Roiz added that they were not specific to the College because of prior issues but were presumed to be areas of potential fraud relating to management controls. For these areas, they will perform additional procedures to determine proper segregation of duties, test the recognition of revenues and expenses

and posting of journal entries. Other areas included appropriations of revenue, GASB 75 and New Market Tax Credit. Ms. Roiz then provided an overview of GASB 87 which requires the College to report liabilities for all leases of land, buildings, and equipment that were not previously reported as liabilities. Mr. Simonetta asked what disclosures on the financial statements will look like associated with GASB 87. Ms. Roiz reviewed the required qualitative and quantitative disclosures which were on the presentation. It included general description of the leases, terms and conditions, the total amount of lease assets and related accumulated amortizations. Mr. White suggested that Mr. Eapen brief Mr. Soileau on GASB 87 since it will impact the balance sheet.

Ms. Roiz then provided an overview of the areas of focus for the Single Audit. They will be looking at the major programs which include the Student Financial Aid cluster, HEERF III and the Education and Technical Education grants.

From a technology support perspective, Grant Thornton will examine Banner's General Ledger module and the Student Financial Aid module as part of their testing. They will review administrator access, proper segregation of duties, change management and perform password testing.

Ms. Roiz then provided a brief industry update. She mentioned that generally enrollment continues to be flat or down across institutions. Mr. Soileau asked whether the industry outlook considered consolidations and closings of institutions. Ms. Roiz said yes and added that institutions are doing more cost modeling on programs offered, partnering with other institutions or closing programs that are not economical. Mr. Simonetta mentioned that according to a higher education report it is still unclear what the impact will be on revenues and enrollments from these consolidations and other changes. Mr. Soileau asked about the status of deploying State and Federal funding to the higher education sector. Ms. Roiz mentioned that industry wide there are challenges in spending the awarded funds because of the terms and conditions and finding projects that qualify.

3. Internal Audit Plan /Internal Audit Committee Update (Information Item):

Mr. Robert Lucas provided an update on the 2020-2022 Internal Audit Plan (Attachment C). 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, since the last Audit Committee meeting, two audits had been finalized, two other reports had been drafted and were being discussed with management, and three audits were in various stages of progress.

Mr. Lucas also reviewed the 2020-2022 Internal Audit Plan in the provided Excel spreadsheet showing what stages the 2020-2022 audits were at based on the codes shown on the spreadsheet. He also noted that there were several audits which were deferred at the request of management due to the available time of staff in that area and due to staffing shortages in others. Mr. Soileau inquired about the codes used to indicate the various stages of progress on the audits and Mr. Lucas noted there is a legend at the bottom of the spreadsheet which provides a description of each stage.

Mr. Lucas then 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 provided an overview of the status of the audit comments

based on the color coding on the spreadsheet to denote the status of management's actions plans. Mr. Lucas noted that the action plans for ten items had been fully addressed by management and, as such, were highlighted in green. He also noted that these items will be moved off the matrix before the next Audit Committee meeting while new items from finalized audits will be added.

Mr. Lucas stated that there had been two Internal Audit Committee (IAC) meetings since the last Audit Committee meeting in March. He stated that this forum provides the means for senior managers in divisions with items on the matrix which can be discussed, and questions addressed to help management complete the action plans as indicated by the ten which have been completed since the last Audit Committee meeting.

Mr. Soileau inquired about the PII (personally identifiable information) item on the Follow Up Matrix. Ms. Zellers responded that her team is working on an updated policy for the subject which should be completed by the next Audit Committee meeting. She noted that she would provide an update to the Committee at that time.

Mr. Lucas stated that he was facilitating the updates of each division disaster recovery plans. He noted that the plans for each of the larger divisions have been provided to him along with several of the smaller divisions. Mr. Lucas noted that he expects to have all of the plans by June 30 as planned each year for these updates.

Mr. Lucas noted that he is working to develop the 2022-2024 Internal Audit Plan. He stated that he has solicited the Cabinet members for their input in the plan development and has asked them to consider areas or functions in their division, or others, which may have higher risk and should be considered for an internal audit. Mr. Lucas noted that he expects to have a plan approved by management to present to the committee at the September meeting.

Mr. White asked about the status of the Department of Education audit of student financial aid and the results of any work performed by Internal Audit related to that audit. Ms. Zellers responded that the College has not received any response from the DOE since the College sent its responses to the audit. She also noted that the work performed by Internal Audit related to this could be discussed at the next Audit Committee meeting in September in Executive Session.

Mr. White also asked whether federal student aid would be included in the 2022-2024 Internal Audit Plan. Mr. Lucas responded that he expects there will be one or more such audits included in the plan. Mr. Lucas also noted that he will be participating in a multi-day training course on the subject in August.

Ms. Roiz stated that she had contacted Mr. Lucas to offer the assistance of Grant Thornton if the College wanted to use them to perform or help with financial aid audits included in the new Internal Audit Plan.

Mr. Vijay Sonty presented an update on the Network Security Assessment report issued by AccessIT (Attachment D). AccessIT was engaged in 2019 to identify potential vulnerabilities on our network infrastructure. Mr. Sonty reported that ITS has addressed all the items identified as urgent, critical or high severity on the report and provided an update to Grant Thornton last September.

4. September 2022 Meeting Date (Information Item):

Mr. Simonetta announced that the next meeting of the Committee will be in September 2022 at which time Grant Thornton will present the results of the 2021-2022 audit.

Mr. White made an announcement that he will be stepping down as Chair of the Board after September but will remain as a Board member. Mr. White mentioned that the new Chair will attend future Audit Committee meetings.

Hearing no other questions, comments or announcements, Mr. Simonetta asked for a motion to adjourn the meeting. Mr. White moved and Mr. Simonetta seconded the motion.

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
Mr. Jacob Eapen
Victoria Zellers, Esq.
Mr. Robert Lucas
Mr. Derrick Sawyer
Ms. Anela Kruse
Mr. Vijay Sonty
Representing Grant Thornton: Ms. Angelica Roiz
Representing Grant Thornton: Mr. Alex Ney

ATTACHMENT A

**Minutes from March 29, 2022
Audit Committee Meeting**

MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Tuesday, March 29, 2022 – 10:00 a.m.

Present: Mr. Anthony J. Simonetta (*via Zoom*), Mr. Jeremiah White (*via Zoom*), Mr. Steve Herzog (*via Zoom*), Mr. Michael Soileau (*via Zoom*), Donald Generals, Ed.D., Mr. Jacob Eapen, Victoria Zellers, Esq., Mr. Gim Lim, Ms. Anela Kruse (*via Zoom*), Mr. Robert Lucas (*via Zoom*), Shannon Rooney, Ph.D., Darren Lipscomb, Ed.D., and representing Grant Thornton: Ms. Angelica Roiz and Mr. Alex Ney

AGENDA – PUBLIC SESSION

The Audit Committee meeting was held on-campus and also available via Zoom for those who could not attend in person.

1. Approve Minutes of Audit Committee Meeting on September 27, 2021 (Action Item):

Action: Mr. Anthony 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 September 27, 2021 Audit Committee meeting minutes (Attachment A). Mr. Jeremiah White made the motion. Mr. Simonetta seconded the motion. The motion passed unanimously.

2. 2020-2021 Uniform Guidance Report (Action Item):

Ms. Angelica Roiz, the Audit Partner from Grant Thornton presented the results of the 2020-2021 Uniform Guidance audit (Attachment B). She informed the Committee that the attached draft was the long form version of the financial statements. The short form was issued at the September, 27, 2021 meeting. Ms. Roiz then pointed the group to the Schedule of Expenditures and Federal Awards (SEFA) on page 71. The SEFA was the subject of the Uniform Guidance compliance audit which is required for all recipients of Federal awards of \$750,000 or more. Ms. Roiz explained that they reviewed all the federal programs and selected programs for testing that provided 20 percent coverage of total expenditures. She then proceeded with the Uniform Guidance presentation (Attachment C). The areas of focus were the Student Financial Assistance Cluster, the Education Stabilization Fund and the Career and Technical Education grants. The Education Stabilization Funds included HEERF I which started in 2020 in response to the pandemic and HEERF II which was awarded in 2021 where there was a student portion and an institutional portion. It also included funding that was passed through by the State under the GEER fund which is the Governor's Emergency Education Relief fund. Grant Thornton reviewed the grant agreements, award periods, and performed sample testing of expenses. They reviewed the lost revenue calculations, the methodology behind that, and discussed with management. These processes will continue through fiscal 2022 under HEERF III.

From a technology perspective, Grant Thornton examined Banner's General Ledger module and the Student Financial Aid module as part of their substantive testing. They examined roles and responsibilities to ensure proper segregation of duties, they reviewed the preparation and approval of journal entries, and they also tested for system controls.

Ms. Roiz reported that they have not identified any compliance or control findings in their testing so far. There are a handful of items that they are still waiting for including some items relating to the new requirements that management is working to provide. Barring any issues and questions on the handful of items, they should be able to issue a clean report and not have any additional matters for this group's attention.

Ms. Roiz concluded her presentation by pointing to the resources available from Grant Thornton on the last two slides of her presentation.

Action: Mr. Simonetta asked for a motion to recommend acceptance of the June 30, 2021 Uniform Guidance report. Mr. White made a motion to accept the June 30, 2021 Uniform Guidance report. Mr. Steve Herzog seconded the motion. The motion passed unanimously.

3. Internal Audit Plan (Information Item):

Mr. Robert 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, since the last Audit Committee meeting, one audit had been finalized, three other reports are still being discussed with management, and three audits are in various stages of progress.

Mr. Lucas also reviewed the 2020-2022 Internal Audit Plan in Excel format showing what stages the FY21-22 audits were at based on the codes shown on the plan.

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 provided an overview of the status of the audit comments based on the color coding on the spreadsheet to denote the status of management's actions plans. Mr. Lucas noted a number of action plans were completed by management since the previous meeting as highlighted in green. He explained that the remaining comments are those for which the original action plan target dates have not occurred (no color highlighting), those for which action plans are in progress (highlighted in yellow), or those for which more than a year has passed since the original target date for the agreed upon actions (highlighted in red).

Audit Committee member Mr. Michael Soileau asked Mr. Lucas whether there should be concern about any of the items highlighted in red. Mr. Lucas stated that these items are older or past their expected action plan date but that he continues to meet with management frequently about them to ensure there is continued progress on the action plans for items highlighted in red.

4. Internal Audit Committee (Information Item):

Mr. Simonetta asked whether there were any new issues at the Internal Audit Committee (IAC) meetings. Mr. Lucas updated the Audit Committee members that the IAC continues to meet and noted that several of the audit reports on the quarterly update memo had been discussed at the IAC meetings with resolutions to various discussions and questions. Mr. Lucas noted he currently working with management to finalize one such audit report listed on the update memo which should be completed and issued to management in April.

5. June 2022 Meeting Date (Information Item):

Mr. Simonetta announced that next meeting of the Committee will be in June 2022 at which time Grant Thornton will discuss their proposed Audit Plan for the 2021-2022 Fiscal Year.

Mr. Simonetta asked whether there were any questions before adjourning the meeting. Mr. White asked about the HEERF stimulus funds and whether we were in compliance with regulatory requirements. Ms. Roiz explained they selected samples from the funds for testing and explained how the funds were used. Part of it was awarded directly to students as financial assistance, and part of it was applied towards discharge of student debts, recovery of lost revenues, purchased of supplies and equipment and for IT upgrades. Ms. Roiz said they reviewed and tested controls over the expenditures, approvals and period of performance.

Hearing no other questions, Mr. Simonetta asked for a motion to adjourn the meeting. Mr. Herzog moved and Mr. Soileau seconded the motion.

We are still trying to finalize the June 2022 date but we might need to move the meeting to the end of May 2022.

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
Mr. Jacob Eapen
Victoria Zellers, Esq.
Mr. Robert Lucas
Mr. Derrick Sawyer
Ms. Anela Kruse
Representing Grant Thornton: Ms. Angelica Roiz
Representing Grant Thornton: Mr. Alex Ney



PRESENTATION TO THOSE CHARGED WITH GOVERNANCE

2022 Annual Audit Planning Presentation

Community College of Philadelphia

June 8, 2022

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

May 2022	Client continuance	<ul style="list-style-type: none"> • Confirm independence and perform client continuance procedures • Issue engagement letters • Conduct internal client service planning meeting, including coordination with audit support teams
June / July 2022	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) • Materiality Determination
June / July 2022	Preliminary risk assessment procedures	<ul style="list-style-type: none"> • Develop an audit plan that addresses risk areas/identify significant risks & focus areas • Update understanding of internal control environment • Coordinate planning with management and develop work calendar
July 2022	Walkthroughs	<ul style="list-style-type: none"> • Perform walkthroughs of business processes and controls
August / September 2022	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
Report issuance date	Deliverables	<ul style="list-style-type: none"> • Financial Statements (short-form and Uniform Guidance) • Listing of unrecorded/recorded 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

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 disclosures.

Management override of controls –
(presumed fraud risk and therefore significant risk in all audits)

- 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 other audit focus based on our risk assessments.

Area of focus	Procedures
Valuation of investments	<ul style="list-style-type: none">• 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, <i>Fair Value Measurement and Application</i>, and review related disclosures.
Tuition revenue, auxiliary enterprises and related receivables/deferred revenue	<ul style="list-style-type: none">• 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.

Significant risks and 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	Procedures
Appropriations revenue	<ul style="list-style-type: none">• Obtain detail of appropriations received for the fiscal year.• Confirm amounts, agree to revenue recorded in the general ledger.• Review receivable balances, reconcile the cash received to amounts outstanding, as applicable.
GASB 75, <i>Accounting and Financial Reporting for Postretirement 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.
New Market Tax Credit (NMTC) and CCP Development, LLC	<ul style="list-style-type: none">• Review agreements to determine propriety of accounting treatment and financial statement disclosures.• Confirm outstanding balances of notes payable and loan receivable as of year end.• Test a sample of construction in process transactions related to the Career and Advanced Technology Center (CATC).

Significant risks and 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	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 those financial statements. The most significant estimates relate to the allowance for doubtful accounts, valuation of level 2 investments based on NAV per share, and actuarial estimates for the College's post-retirement plan (OPEB) under GASB 75. Our procedures have been designed in part, to review these estimates and evaluate their reasonableness.
Financial statement disclosures	<p>Our procedures 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.</p> <p>Current year procedures will include review of the propriety of the implementation of GASB 87, <i>Leases</i>, and completeness of related financial statement disclosures.</p>

GASB 87 implementation progress

	Status		
	Not started	In progress	Complete
Implementation will generally address the following key activities:			
Establish an implementation team, identify and develop necessary resources (internal and external)			
Establish the scope of the implementation and understand the impact of the new standard on current accounting policies and reporting / disclosure requirements			
Analyze all contracts to identify leases, including reviewing service contracts to identify embedded leases			
Assess and update accounting policies / positions and the processes and controls to support those policies			
Determine and implement appropriate interim and/or ongoing technology solutions based on current organizational and information technology (IT) environment			
Determine and formalize the appropriate accounting and transition approach for existing leases			
Document assumptions required for calculating lease values and formalize the process to calculate the impact of the change			
Communicate proactively with auditors and compile documentation reflecting changes to the lease accounting process			
Define processes for identifying future leases and develop a plan to periodically review the processes, controls, and systems implemented to properly account for leases under the new standard			
Calculate transition adjustments based upon assumptions made			

Keys to successful implementation

Involve all stakeholders; Identify and commit appropriate resources; Focus on implementation now

GASB 87 disclosures after adoption

Qualitative disclosures

- General description of lease
- Basis and terms and conditions of variable lease payments, extension and termination options, and residual value guarantees
- Restrictions or covenants imposed by leases
- Significant assumptions and judgments made in identifying a lease, allocation of lease consideration, lease term, and discount rate
- Significant rights and obligations for leases not yet commenced
- Components of any loss associated with an impairment
- Relevant disclosures for sublease transactions, sale-leaseback transactions, lease-leaseback transactions

Quantitative disclosures

- Total amount of lease assets by major classes & related accumulated amortization
- The amount of outflows recognized in the reporting period for variable payments not previously included in the measurement of the lease liability
- Principal and interest requirements to maturity, presented separately, for the lease liability for each of the five subsequent fiscal years and in five-year increments thereafter

Areas of focus for Single Audit

The following provides an overview of the major programs to be tested this year; it has been determined based on a preliminary schedule of expenditures of federal awards prepared by management.

This is subject to change after a final schedule of federal awards is provided.

Major programs	2022	2021	2020
Student Financial Assistance Cluster	X	X	X
Education Stabilization Fund (ALN 84.425) HEERF III	X	X	X
Career and Technical Education – Basic Grants to States (ALN 84.048)	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.

Area 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.

Area 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 federal funding associated with COVID-19 pandemic relief received during the year (e.g., HEERF, CRRSAA, ARP, CRF, 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, 2022, or subsequent periods - GASB

Title	Effective date
GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements	Periods beginning after June 15, 2022
GASB 96 – Subscription-Based Information Technology Arrangements	Periods beginning after June 15, 2022

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Summary

- Defines a PPP as an arrangement in which a government (the transferor)
 - contracts with an operator (a governmental or nongovernmental entity) to provide public services
 - by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time
 - in an exchange or exchange-like transaction.
- Transferor records the underlying PPP asset and/or a receivable for installment payments to be received from operator, with a related deferred inflow of resources.
- Defines an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period in an exchange or exchange-like transaction.
 - In an APA with multiple components, each component shall be recognized as a separate arrangement.
- Effective for fiscal years beginning after June 15, 2022, with early adoption encouraged.

Potential Impact

- Universities often engage in these type of arrangements to expand student housing, parking, retail space, or some combination of these types of revenue-generating spaces. This new guidance clarifies the accounting for these types of arrangements, as compared to service concession arrangements, lease agreements or other types of transfers. Management should identify which agreements are currently in place for which accounting may need to be restated. Management should also consider these updated definitions for any new transactions that may be in process, to ensure those arrangements are structured and reported in accordance with these new provisions.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*

Summary

- Defines subscription-based information technology arrangements (SBITA) as a contract that conveys control of the right to use another party's IT software,
 - alone or with underlying tangible IT assets,
 - For a period of time (noncancelable period, plus options to extend),
 - In an exchange or exchange-like transaction.
- Government should recognize a right-to-use subscription asset and a corresponding subscription liability
 - Measured as the present value of expected subscription payments
 - Discounted using the rate the SBITA vendor charges, or the incremental borrowing rate
- Subscription asset to be amortized over the subscription term
- Activities associated with a SBITA, other than subscription payments, should be grouped into the following three stages and costs accounted for accordingly:
 - Preliminary project stage – expensed as incurred
 - Initial implementation stage – capitalized as an addition to the subscription asset
 - Operation and additional implementation stage – expensed as incurred, unless they meet specific capitalization criteria
- Effective for fiscal years beginning after June 15, 2022, with early adoption encouraged.

Potential Impact

- For those universities using subscription-based IT arrangements, this standard could have a significant impact on the financial statements of the university upon adoption. As with the new lease standard, management should consider the impact on financial covenants, as well as ensuring a complete inventory of existing agreements that will be subject to the new accounting and disclosures.



Industry updates

S&P's 2022 outlook for the Higher Education sector* has changed to “stable” after four years of “negative”

“Out Of The Woods, But Not Yet In The Clear”

Positive Developments

- Substantial federal emergency funding to higher education provided major fiscal support (over \$152 Billion awarded)
- Record fiscal 2021 investment returns
- Return to campus learning in Fall 2021 with corresponding increase in tuition and auxiliary revenues

Risks to Monitor

- Enrollment pressures from troubling demographic outlook and inflation concerns
- New COVID-19 variants will test effectiveness of health and safety measures
- Gaps in credit quality remain between higher rated and lower rated institutions

Bottom line → higher education sector weathered the unprecedented crisis caused by the COVID-19 pandemic and no S&P rated colleges or universities defaulted on their debt

S&P Outlook Factors, continued

What We're Watching - Not-For-Profit Higher Education



Economic recovery

U.S. economy strengthens, but differentiated rates of recovery lead to disparate economic conditions.



Federal stimulus

Strong support for higher education provides financial flexibility; usage and reporting of funds will span several years.



State budgets

State operating appropriations are generally stable to growing for public universities, bolstered by extraordinary federal aid.



Inflationary pressures

Elevated inflation through 2022 could pressure budget expectations, even as tuition increases resume post-pandemic.



Financial flexibility

More stable state budgets, federal funds, and strong investment returns provide greater financial flexibility.



Enrollment and demand

New variants affecting in-person learning again. With entrance tests optional, applications have increased significantly, skewing selectivity.



Event risk

Cyber security breaches, social unrest, staffing issues, governance scandals, unforeseen economic events, will continue to affect credit in 2022.



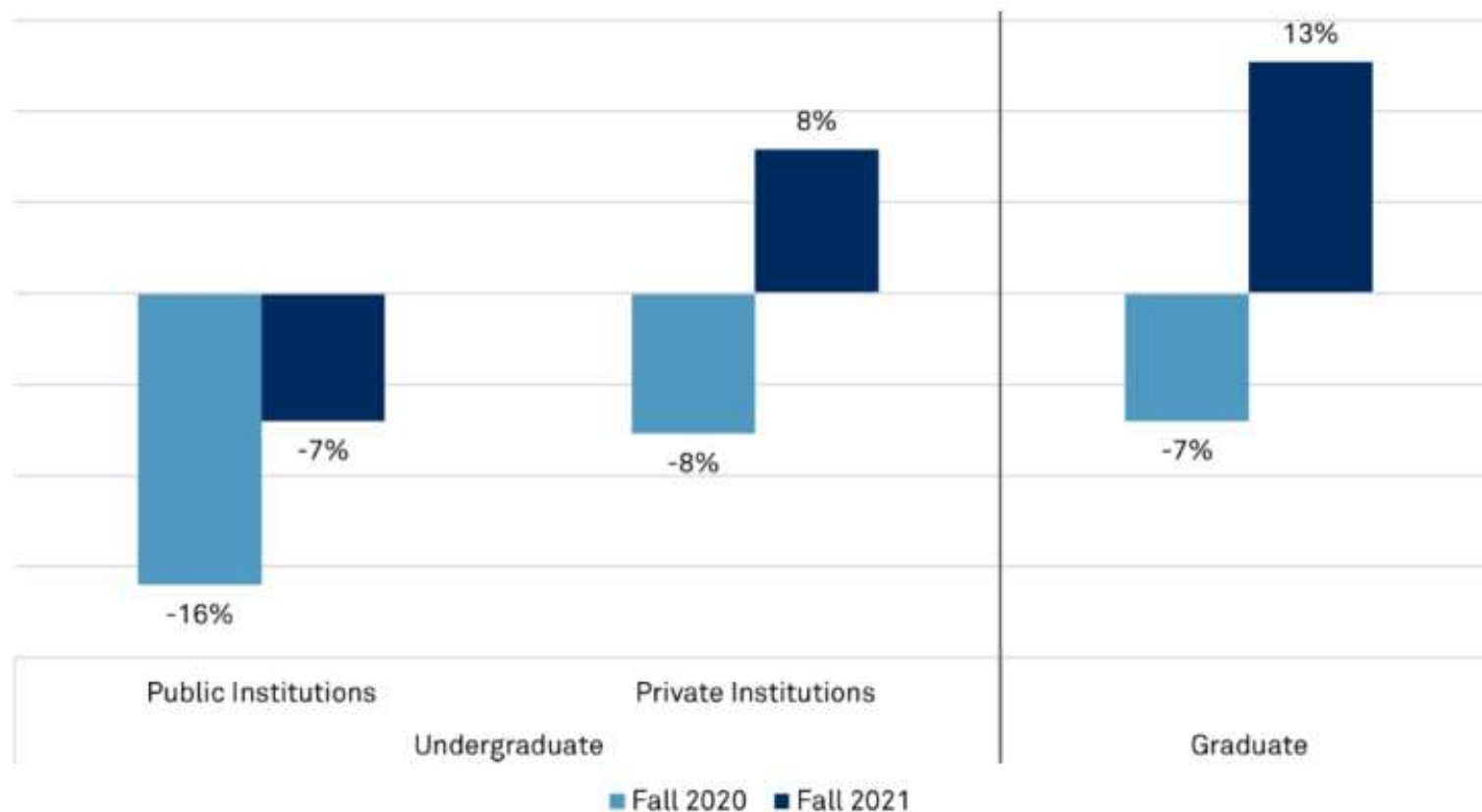
Credit quality bifurcation

There are winners and losers across the industry.

S&P Outlook Factors, continued

International Student Enrollment Changes

S&P Global
Ratings

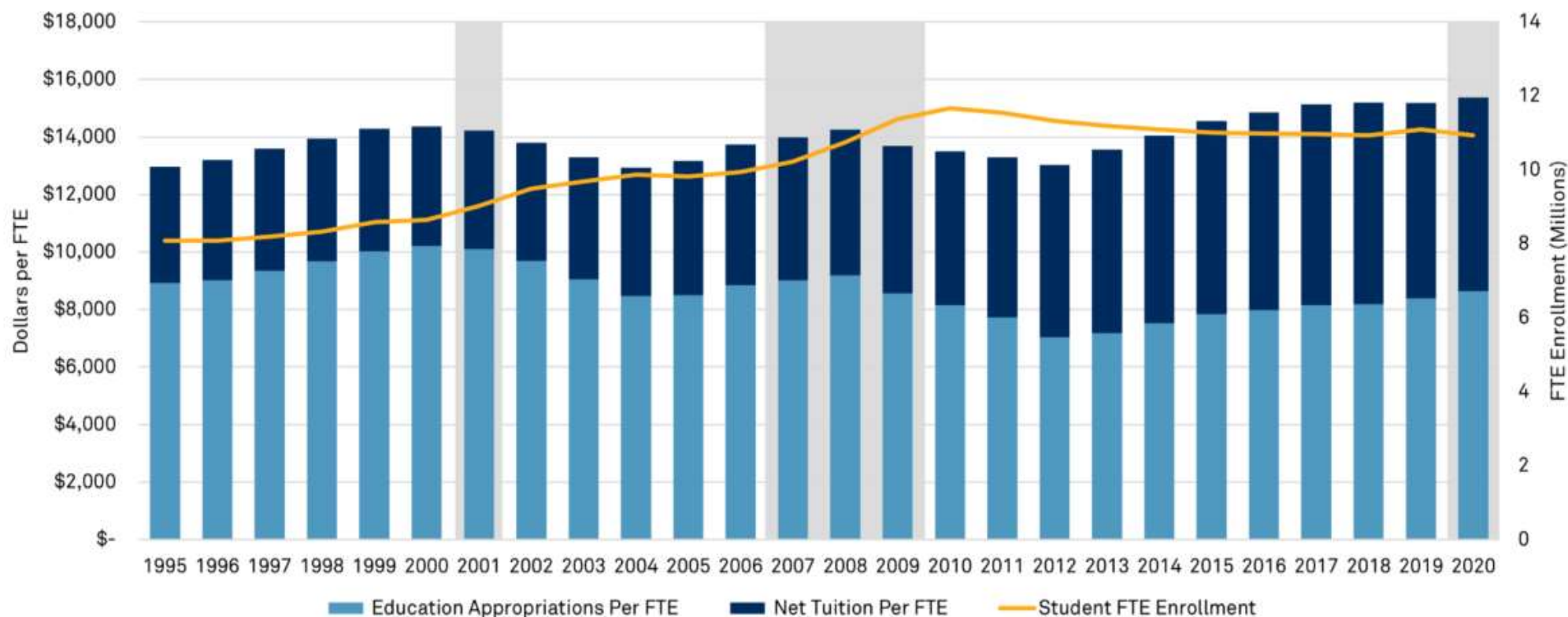


70% of institutions
report an
increase in
international
enrollment

S&P Outlook Factors, continued

S&P Global
Ratings

State funding and FTE enrollment trends

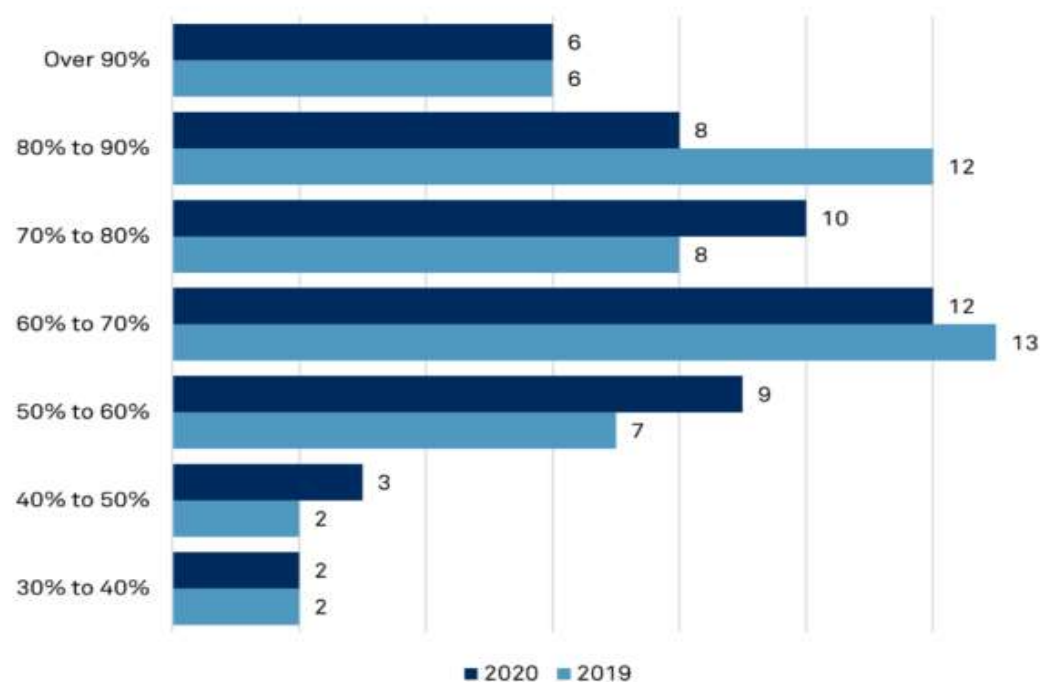


S&P Outlook Factors, continued

S&P Global
Ratings

Pension funding status

Number of States with Given Pension Funded Ratio



State	Best 2020 Funded Ratio
Wisconsin	103%
South Dakota	100%
Washington	95.3%
Tennessee	92%
Utah	91.7%

State	Worst 2020 Funded Ratio
Illinois	37.5%
New Jersey	38.4%
Connecticut	43.1%
Kentucky	44.6%
New Mexico	50%

Moody's 2022 outlook for the Higher Education sector* has changed to “stable” from “negative”

“Emergence from remote learning supports revenue growth”

Positive Developments

- Operating revenue projected to rise 4-6% following Fall return to campus
- Record fiscal 2021 investment returns strengthen financial positions and liquidity
- Substantial federal emergency funding to higher education aids rebound

Risks to Monitor

- Inflation and labor shortages will lead to higher costs and lower margins
- Social and cyber risks pose key risks
- Operating budgets for most institutions remained strained

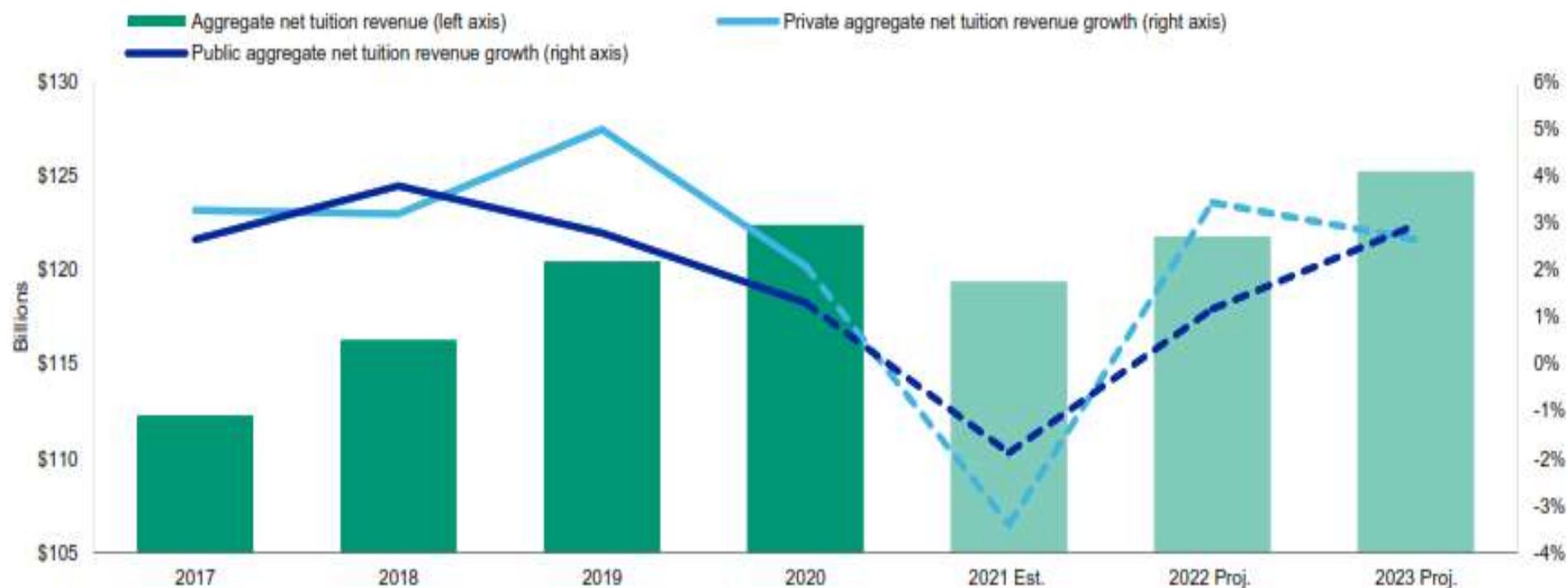
Outlook could turn negative if operating revenue growth falls substantially below inflation, constrained states' tax revenues lead to cuts in state appropriations, or new surges and variants with the coronavirus reverse the resumption of in-person operations.

Moody's Outlook Factors, continued

MOODY'S

Exhibit 3

Net tuition revenue will improve in fiscal 2022, with private universities showing stronger gains



Source: Moody's Investors Service

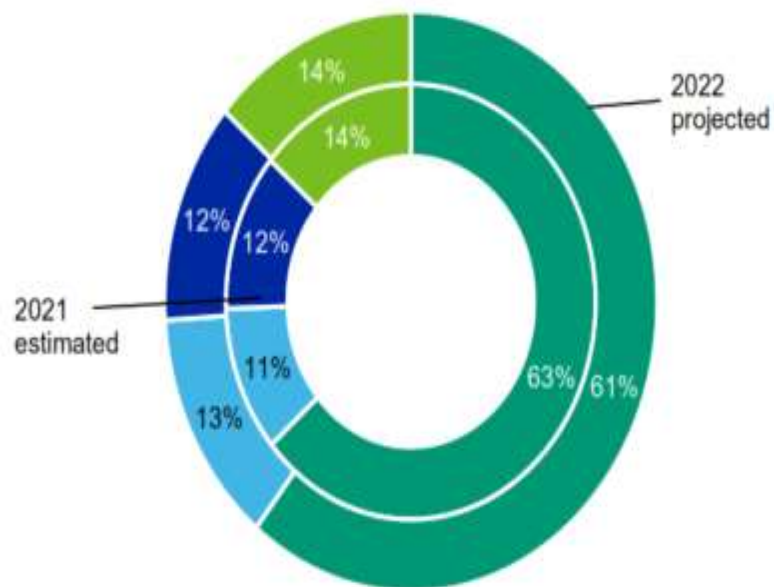
Moody's Outlook Factors, continued

MOODY'S

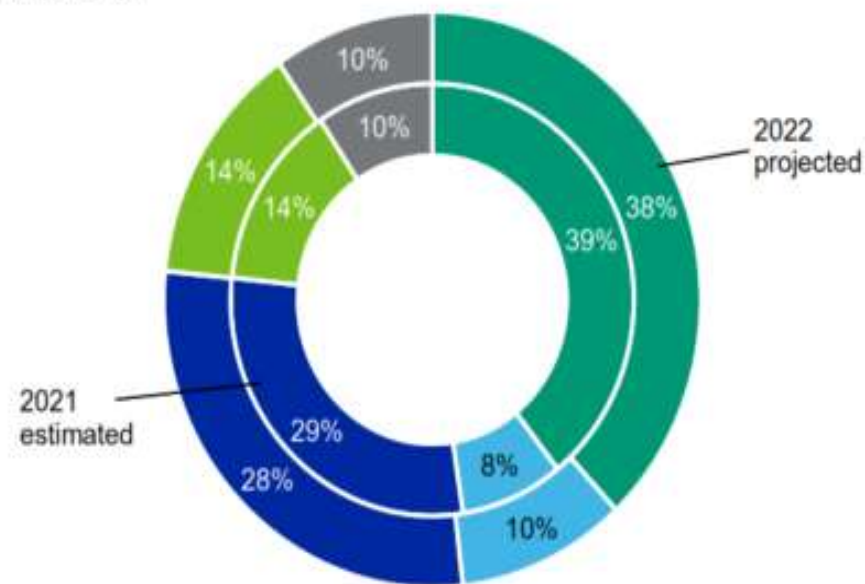
The proportion of auxiliary revenue will climb at private universities...

...and at public universities

Net tuition revenue Auxiliary revenue Investment income Other revenue



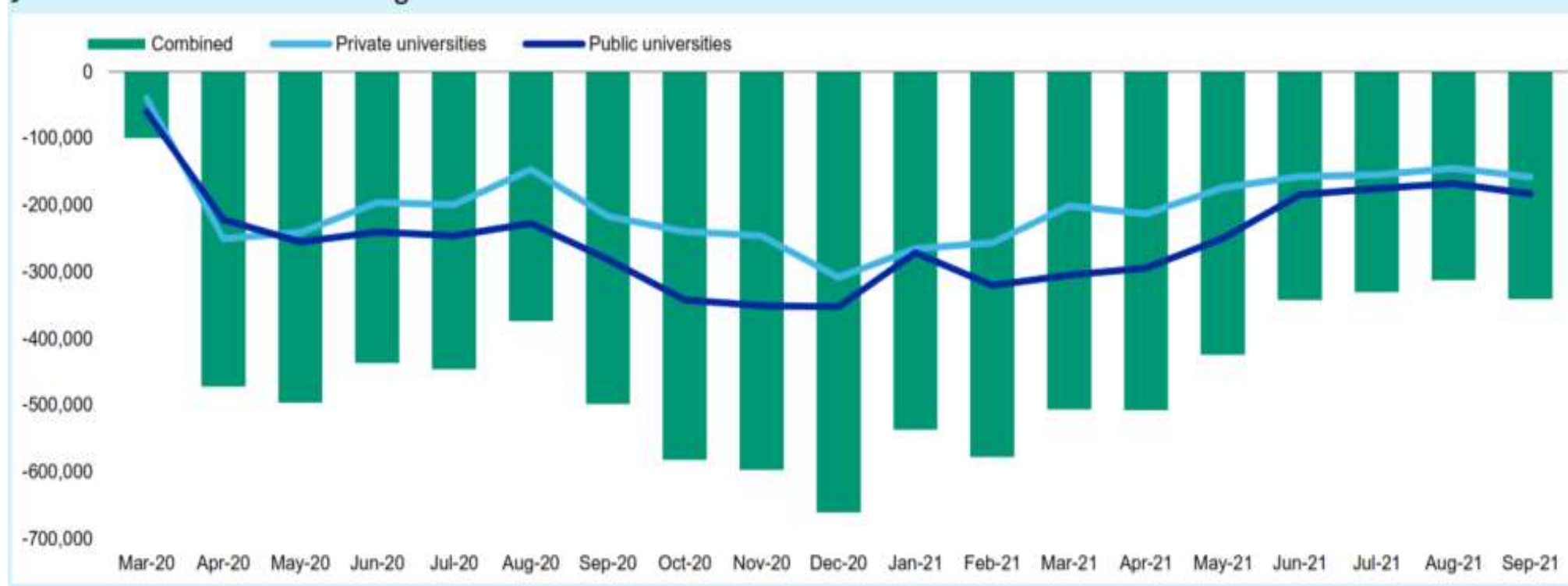
Net tuition revenue Auxiliary revenue
Government operating appropriations Grants and contracts
Other Revenue



Moody's Outlook Factors, continued

MOODY'S

Job losses increased to 14% in higher education in fiscal 2021



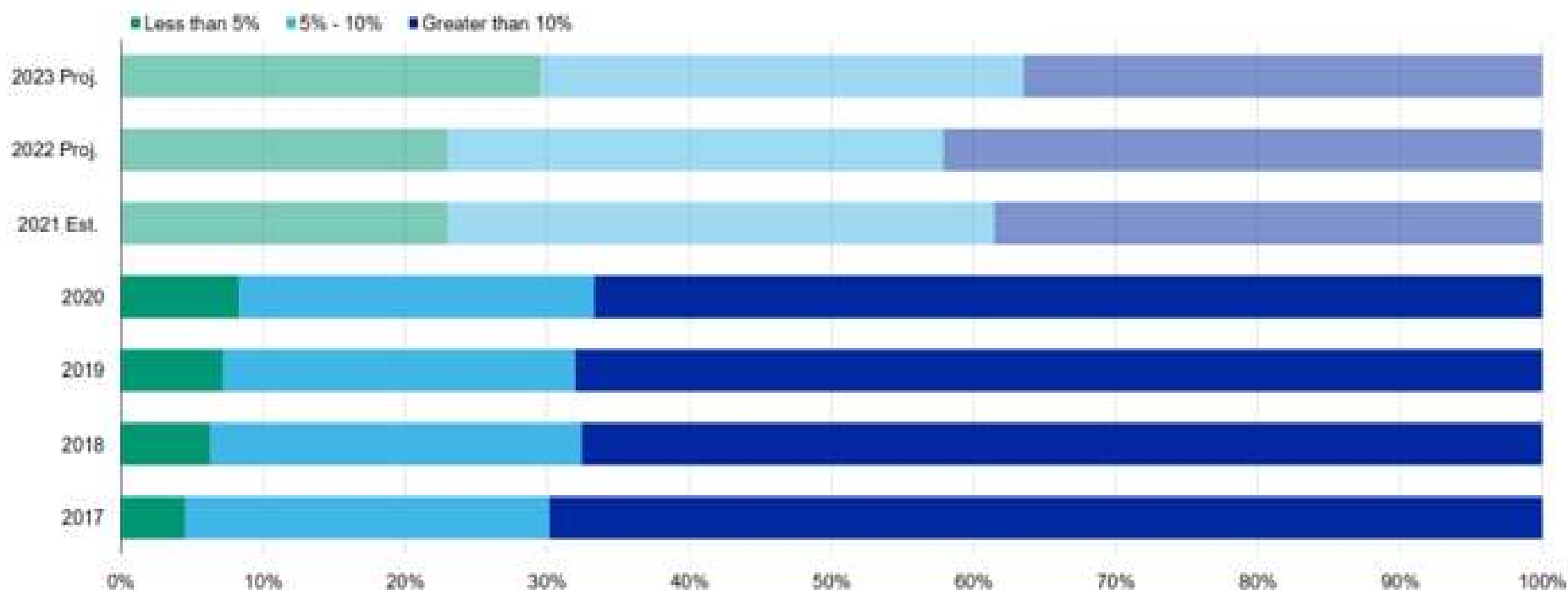
Moody's Outlook Factors, continued

MOODY'S

Exhibit 6

EBIDA margins will improve gradually but below pre-COVID levels

Public and private universities



Source: Moody's Investors Service

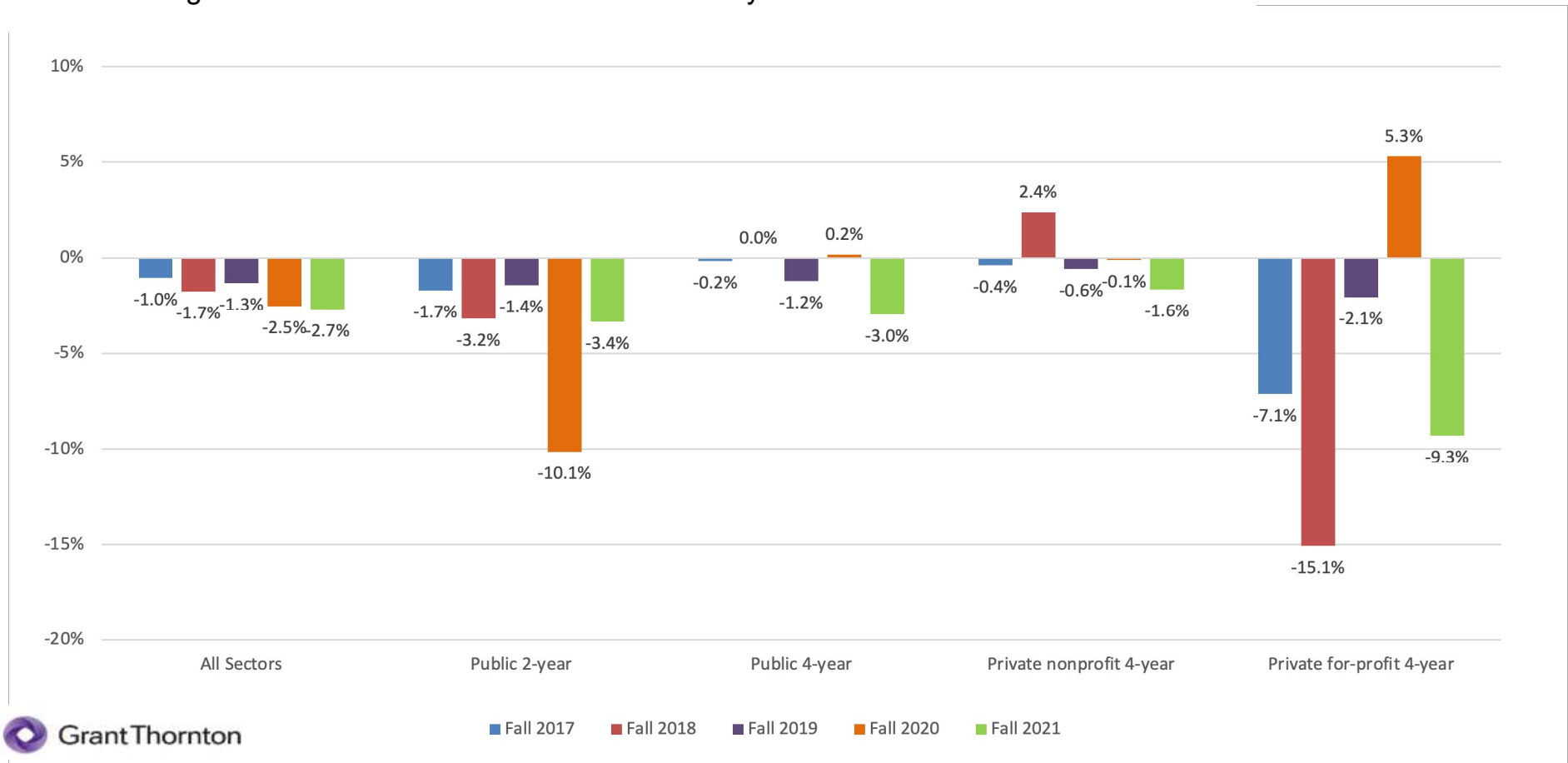
ESG in Higher Education

- 1) S&P describes how credit ratings will now consider “ESG Factors”
- 2) SEC disclosure requirements related to ESG, will FASB/GASB follow suit?
- 3) Recently the Municipal Securities Rulemaking Board issued a Request for Information (RFI) regarding “disclosures of information regarding ESG-related risk factors and ESG-related practices” and “labeling and marketing of municipal securities with ESG designations”- any colleges/universities that list publicly traded debt securities could be subject to these disclosures in the future
- 4) Donors are paying more attention to **how** nonprofits conduct their work, focused on ESG, rather than simply **what** they do to effectuate mission
- 5) The Association for the Advancement of Sustainability in Higher Education (AASHE) has 1,000+ colleges and universities that participate in the “Sustainability Tracking, Assessment and Ratings System” (STARS) with 600+ in the “good” category (Platinum, Gold, Silver or Bronze), showing progress towards transparency. Maybe future expansion into social and governance metrics could be addressed in the future?

Enrollment Changes – by sector



Percent Change in Total Enrollment from Previous Year by Institutional Sector: 2017 to 2021

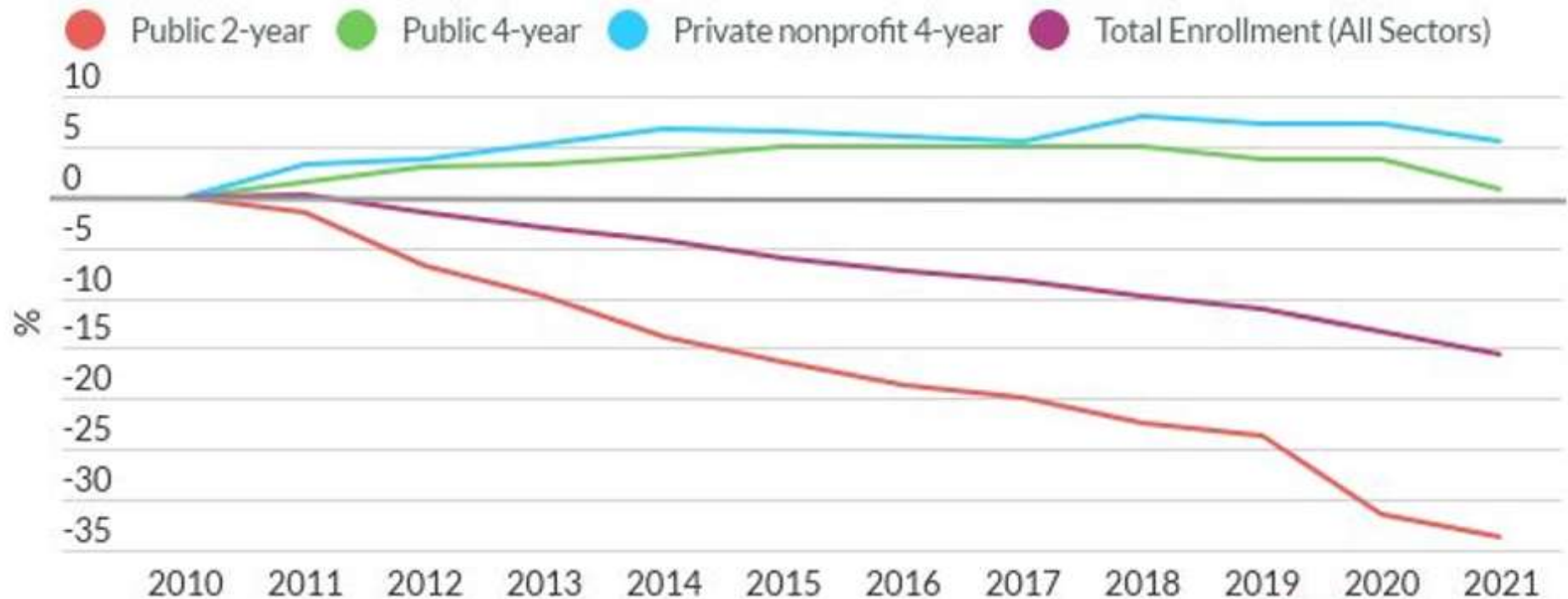


Enrollment Changes – by sector

FitchRatings

Higher Education Cumulative Enrollment

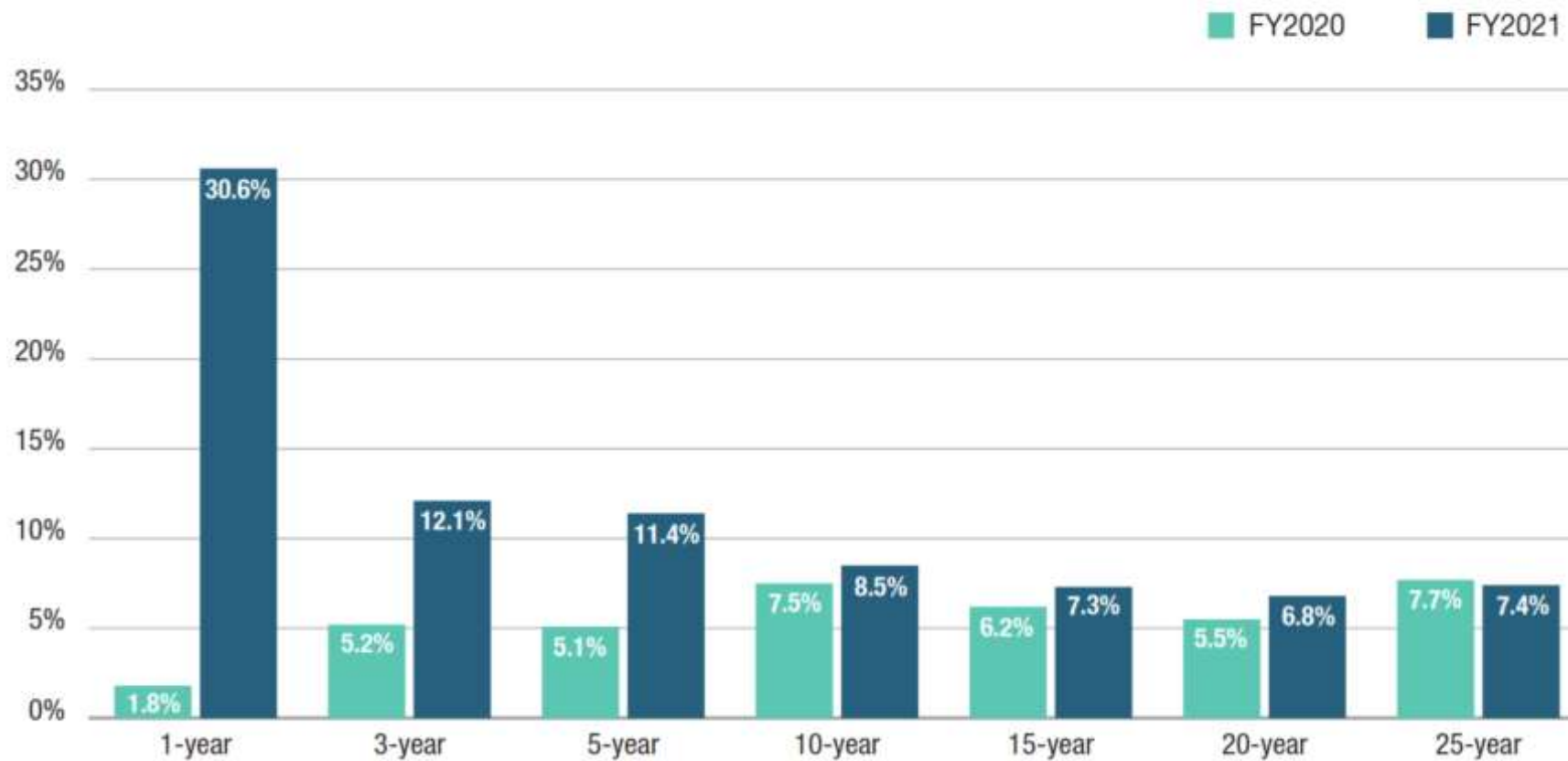
Two-year public colleges have lost a third of enrollment since 2010



Endowment returns

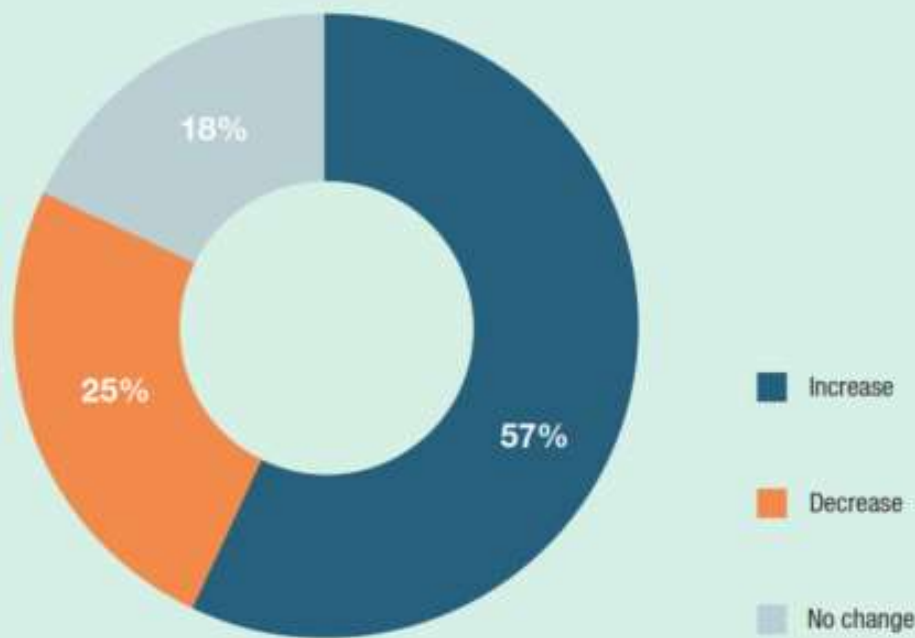


Net annualized average returns

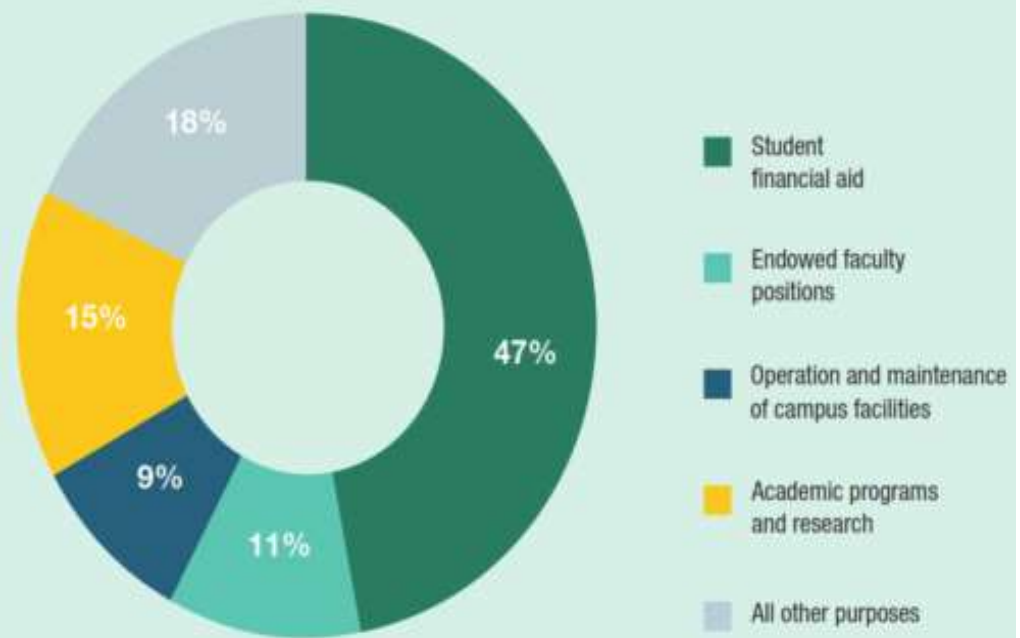


Endowment spending holds steady at 4.5%

Percentage of operating budget funded by endowment, change from FY2020 to FY2021



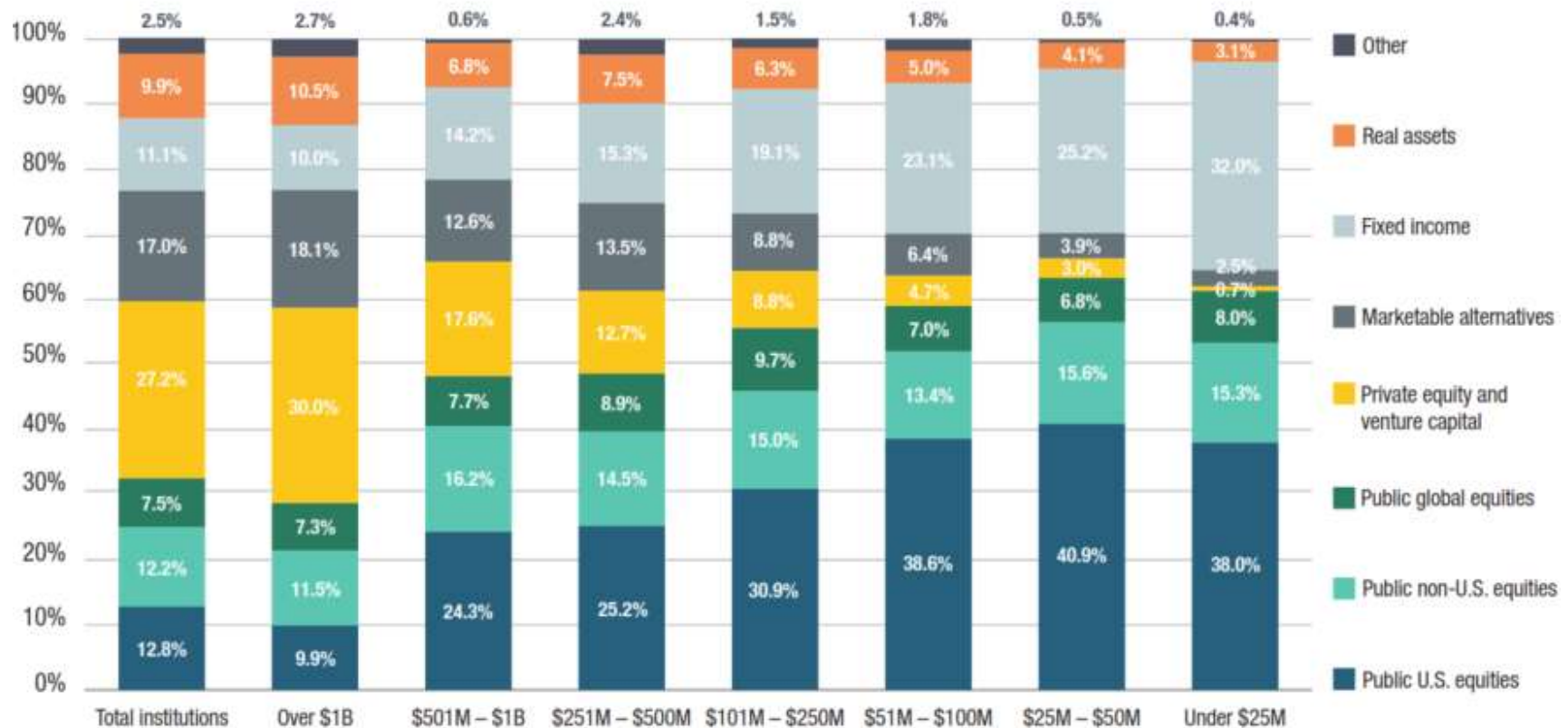
Spending policy distributions by function



Endowment asset allocations



Asset allocations for endowment cohorts, FY2021

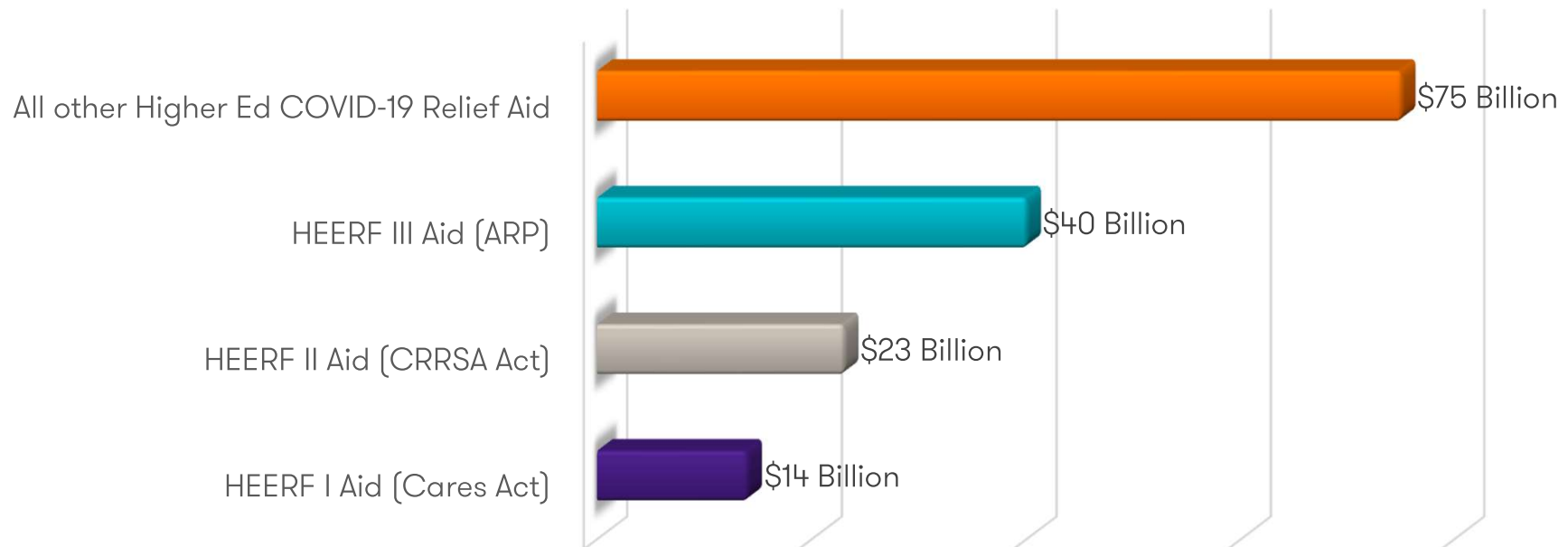


Similar to past studies, the larger the endowment the heavier the allocation to private equity, venture capital, real assets and marketable alternatives.

Washington Update

Federal emergency aid to higher education institutions from the three HEERF programs each increasing the total aid while the largest source estimated by S&P is from federal aid to states that was then indirectly granted to higher education institutions.

Federal Higher Ed Relief Aid



Washington Update

- ✓ Pell Award levels:
 - Increased by \$400 to \$6,895 for Academic Year 22-23
 - Biden's FY23 proposed budget includes proposal to increase max Pell award to \$8,670 for 2023-24 Academic Year
- ✓ FASFA Simplification Act implementation deadline extended one year, to be implemented in 2024-25 award year (requires changes to the FAFSA and student aid determinations)
- ✓ Dept of Ed is reviewing rules around Financial Responsibility regulations and focusing on transcript withholding practices of colleges and universities

What presidents are saying:

"Confident my institution will be financially **stable**"

"College Presidents Confident, With an Asterisk"

Over five years...

81%

All institutions "agree" or "strongly agree"

84%

Public universities "agree" or "strongly agree"

78%

Nonprofit private colleges "agree" or "strongly agree"

Over ten years...

77%

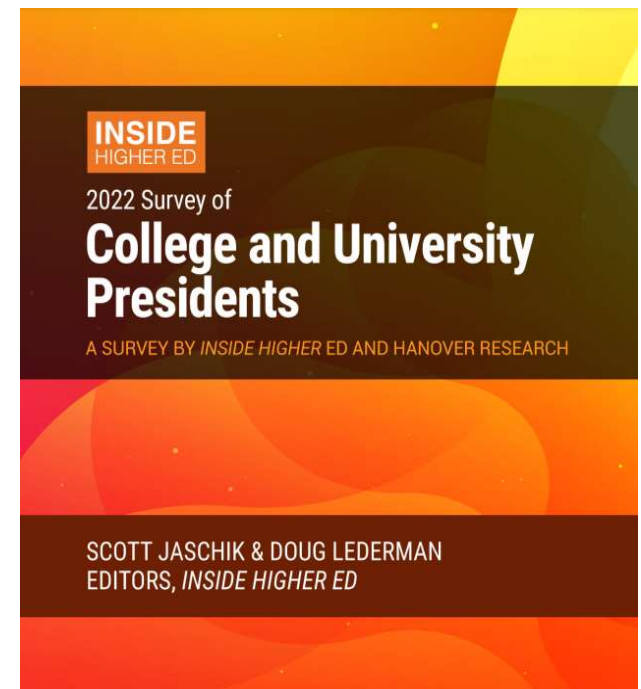
All institutions "agree" or "strongly agree"

76%

Public universities "agree" or "strongly agree"

79%

Nonprofit private colleges "agree" or "strongly agree"



This most recent survey was published in **March 2022**

Quality of courses based on format

How would you rate the overall/average quality of each of the following types of courses being delivered this spring at your institution?

Very poor Poor Fair Good Excellent

In-Person (n=334)



Hybrid (n=319)

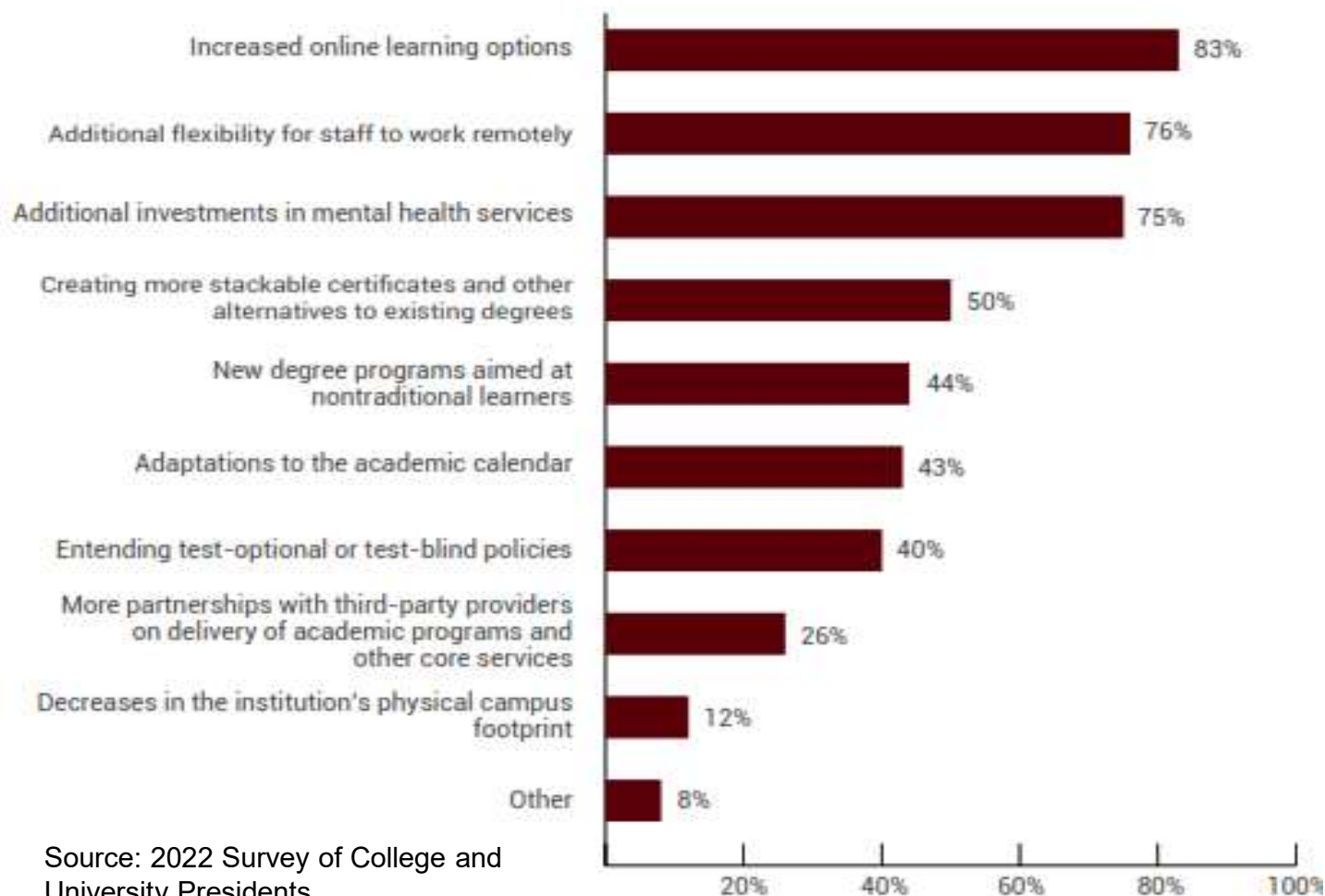


Fully online (n=332)



Changes from the pandemic that institutions plan to keep

Which of the following changes has your institution made because of the pandemic that it plans to keep in the long term? Please select all that apply.
(n=331)



What chief business officers say overall:

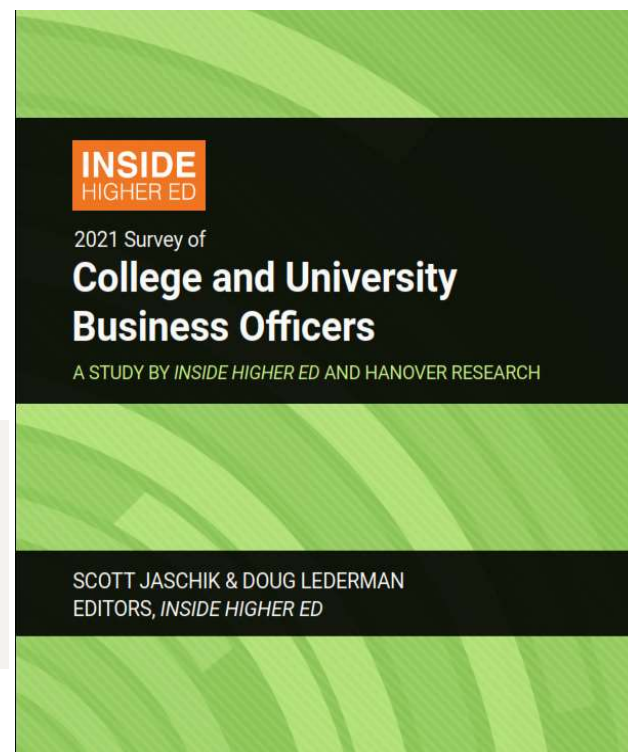
"Confident my institution will be financially **stable over ten years**"

73%
in 2021

53%
in 2020

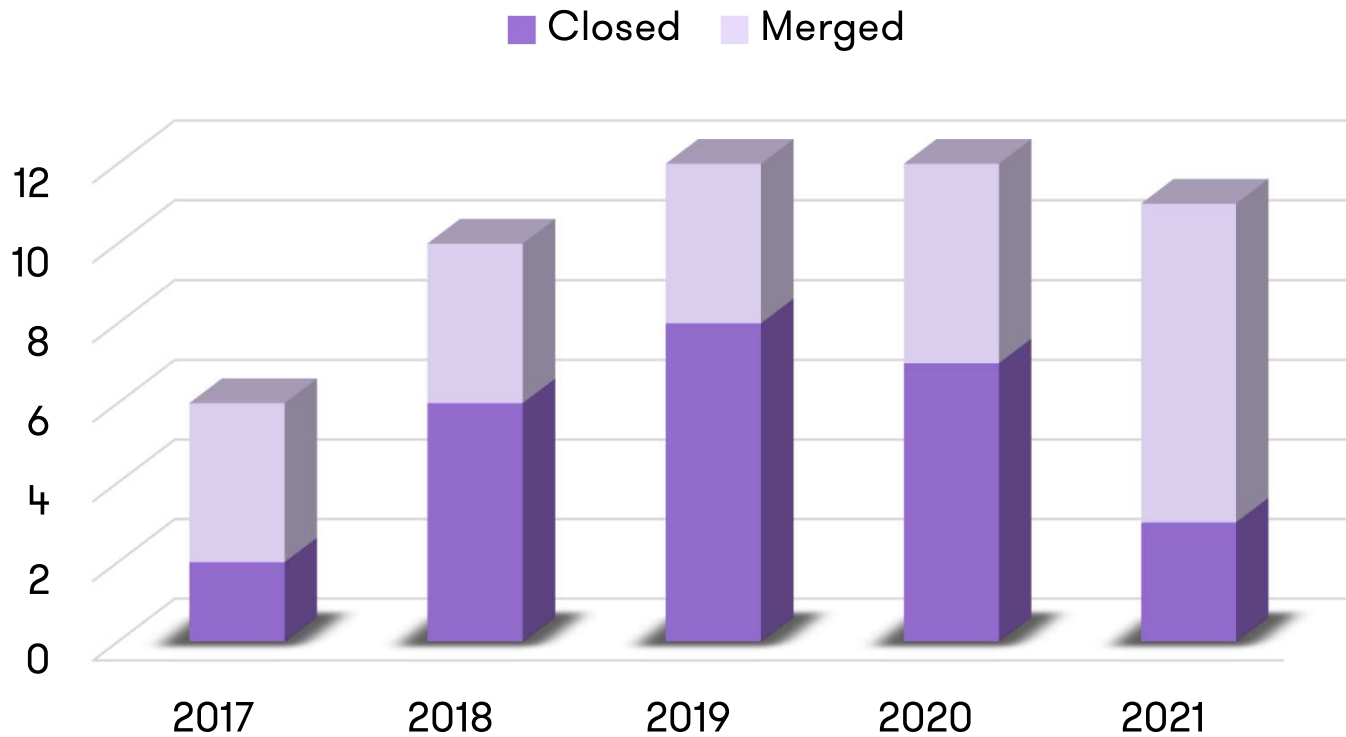
50%
in 2019

Confidence has increased with a growing split between public (79%) and private (68%) with private baccalaureate colleges having the lowest ten-year confidence at 65% while public doctoral is the highest at 88%.



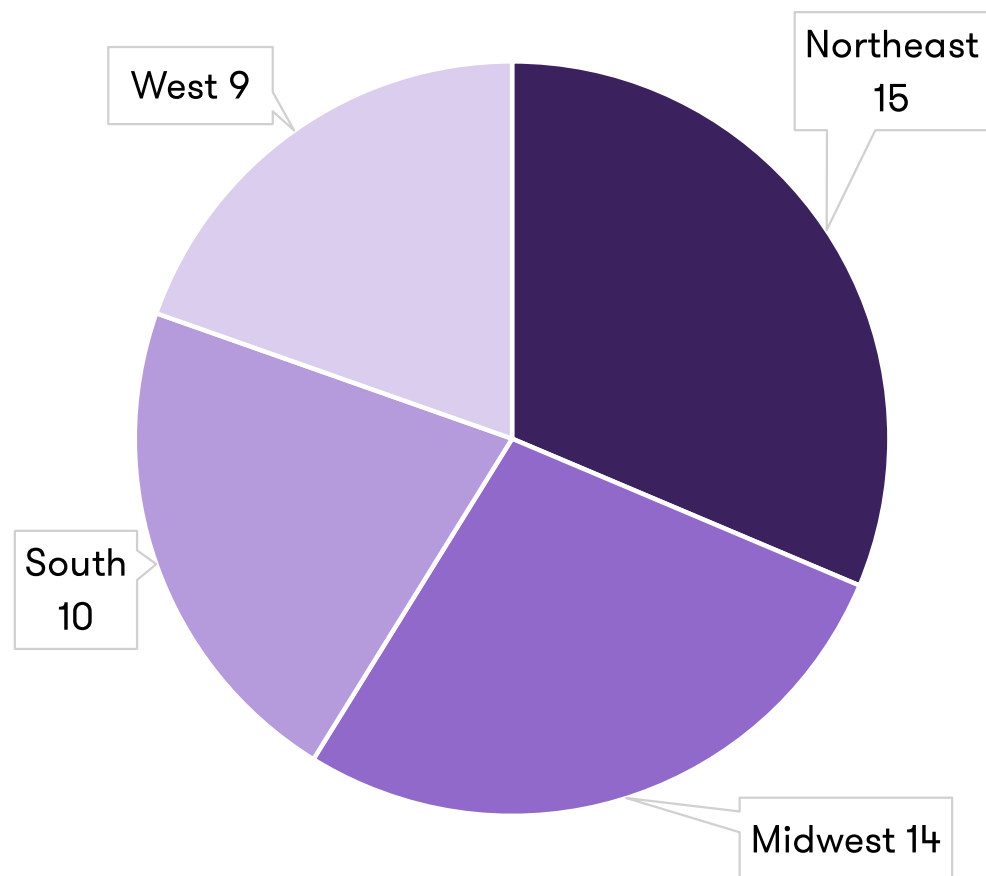
This most recent survey was completed in **July 2021**

Closed or merged 2016-2021



- **51 closings and mergers 2017-2021**
- **S&P projects mergers and consolidation activity to increase**

Closed or merged in 2017-2021 (YTD) by region



2021 (YTD) Closings

- Judson College (AL)
- Becker College (MA)
- Ohio Valley University (WV)

2021 (YTD) Mergers:

- Concordia College (NY)
- Sierra Nevada University (NV)*
- Marymount California University (CA)*
- Martin Methodist College (TN)
- Claremont School of Theology (CA)
- Ancilla College (IN)
- Mills College (CA)*
- University of the Sciences (PA)*

**Merger announced in 2021 and is in process*



Diversity, Equity & Inclusion



Diversity, Equity and Inclusion

What makes us different makes us powerful



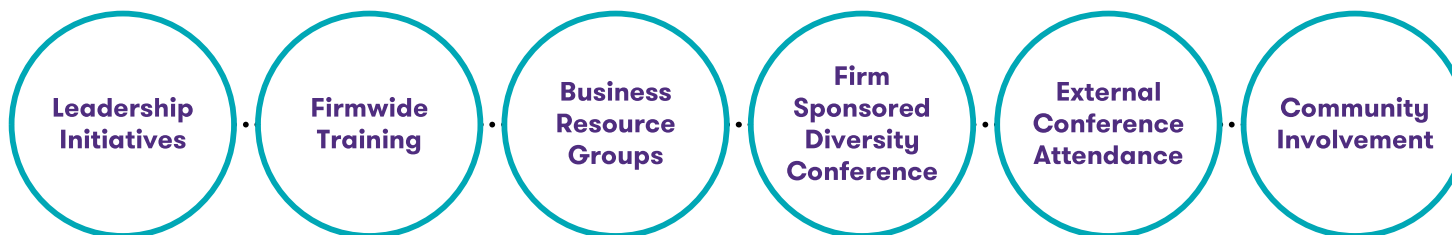
People thrive when their perspectives are valued, when they enjoy working with each other and when they are comfortable being exactly who they are. That is why at Grant Thornton, we are committed to building a more diverse, equitable and inclusive workplace, where everyone is valued and respected.

Our culture and practice of diversity, equity and inclusion (DE&I) are embraced top-down, through action and ongoing commitment from the CEO and the national leadership team, as well as bottom-up through business resource groups (BRGs) led by employees cross the firm.

We recently published our second annual Diversity, Equity and Inclusion Report ([click to read](#)) in furtherance of our intensified efforts to build a more diverse, equitable and inclusive firm for all those we serve.

Commitment to diversity

Our people thrive personally and professionally because all perspectives are valued and heard. **In turn, our inclusive culture enables us to craft creative solutions for ourselves and the clients we serve.** In keeping with our culture of DE&I, Grant Thornton's DE&I team develops strategies, programs and tools to unlock the power of difference.



“Our words are our promise, but our actions are our integrity. We’ll continue to take action to make our firm a better and more equitable place to work and stand together as a positive force for change.”

Brad Preber, CEO,
Grant Thornton LLP



BUSINESS RESOURCE GROUPS

- Black Professionals & Allies
- Disability Alliance
- Equality GT (LGBTQ+ & Allies)
- Future Leaders & Allies
- Latinxs/Hispanics & Allies
- Pan-Asians & Allies
- Veterans & Allies
- Women & Allies
- Working Parents & Allies

NATIONAL CONFERENCE ATTENDANCE

- Ascend National Convention
- Association of Latino Professionals for America National Convention
- National Association of Black Accountants Annual Convention

GRANT THORNTON CONFERENCE

- Unified Inclusion Conference

Diversity, Equity and Inclusion initiatives



- Assembled a **National Leadership Team Committee** to fast-track DE&I imperatives within our firm
- Created a True North culture immersion for all GTUS employees to foster a community of **belonging**
- Expanded firmwide **DE&I-focused training** adding psychological safety and micro-aggressions to unconscious bias
- Included DE&I Badges as part of Partner/Principal scorecard
- Launched a “Train the Trainer” program with TMCf and Amex to **prepare HBCU students** for post-college success
- Rolled out GT Empower and other early identification programs to expand recruiting pipeline
- Expanded range of schools at which we **recruit to recognize** the value of diverse backgrounds
- Launched DE&I badges via LinkedIn Learning
- Amplified focus on **mental well being** and employee welfare
- Contributions to worthy charities and non-profits as part of the **GT Foundation’s annual contribution**
- Up to **40 annual chargeable hours** for each employee to give back to community and towards DE&I efforts
- Continued addition of **Purple Paladins** - our signature cause program where we select non-profits that support the needs of diverse populations
- Enhancing benefits and equitable policies such as **military spouse self-ID**, paid caregiver leaves etc.
- Expanded our fellowship program with **Hiring Our Heroes** for veterans and military spouses
- Reached over **4,000 members** of our Business Resource Groups

2021 Diversity, Equity and Inclusion Report

We produced our first [Diversity, Equity and Inclusion \(DE&I\) Report](#) in furtherance of our intensified efforts to build a more diverse, equitable and inclusive firm for all those we serve — to be not only transparent, but also transformative.

Our DE&I strategy is anchored in our vision to serve as a champion for diversity and inclusion, where everyone fearlessly contributes to arrive at the best solutions — achieving equity across our firm.

Click
to
Read



In last year's inaugural DE&I report, we established five key milestones to achieve by the end of fiscal year 2025.



30% of our new hires will be Black or African American, or Hispanic or Latinx (also recognizing opportunities for increased hiring for American Indian or Alaska Native, Asian, Native Hawaiian or Pacific Islander).

FY21
Year-over-year
% progress

+25%



35% of our National Leadership Team and market-focused leaders will be women, people of color, LGBTQ+ people, individuals with disabilities, veterans or military spouses, and we will increase representation across all role levels.

+6%



40% of our partners, principals and managing directors will be women, people of color, LGBTQ+ people, individuals with disabilities, veterans or military spouses.

+12%



50% of our hot-skills training opportunities (including firm-sponsored certifications, advanced technology skills, and leader-sponsored training and development initiatives) will include women, people of color, LGBTQ+ people, individuals with disabilities, veterans or military spouses.

+62%



We will increase our representation of veterans, military spouses and individuals with disabilities across the firm by **50%** from fiscal year 2020.

+22%

Guidance on important emerging developments and challenges

Articles in the 2022 report for higher education institutions:

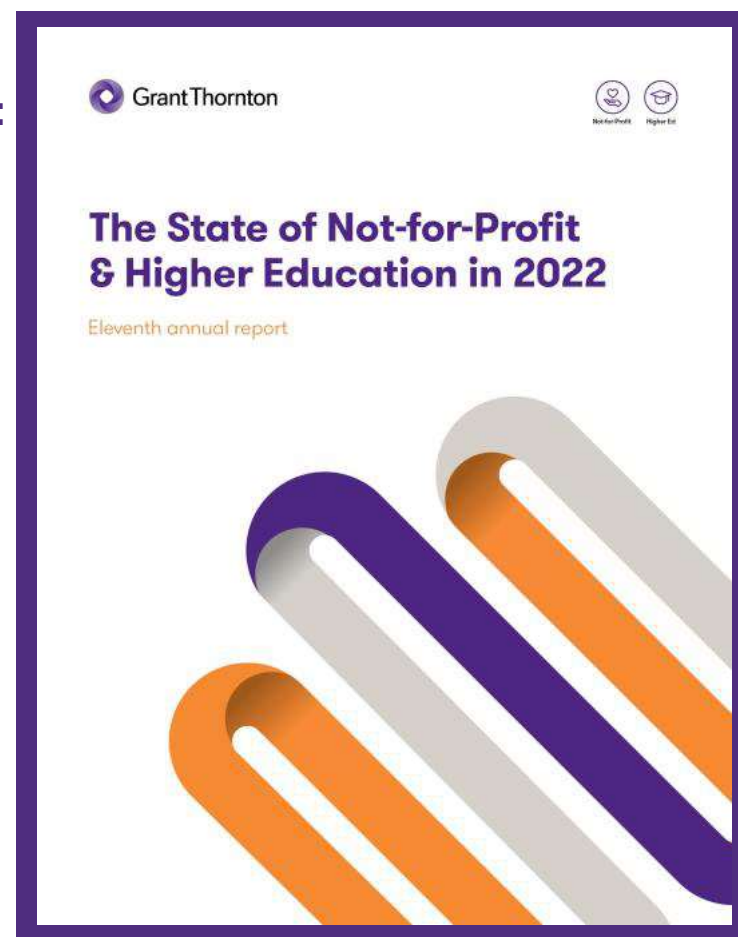
- A framework for educational equity
- Student preferences help drive change
- Facilities and workforce expenses
- M&A accelerates in higher education

Other articles in the report that may be of interest:

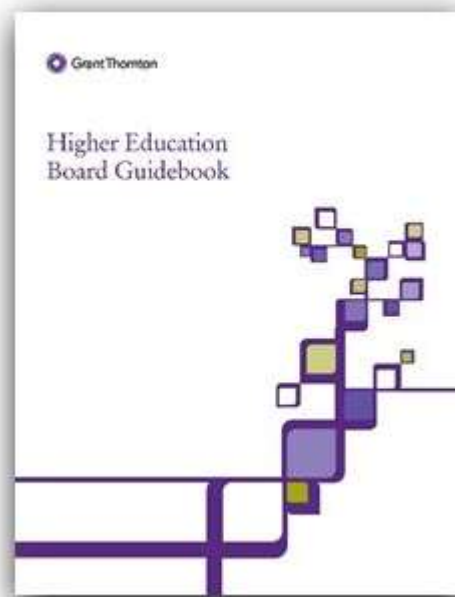
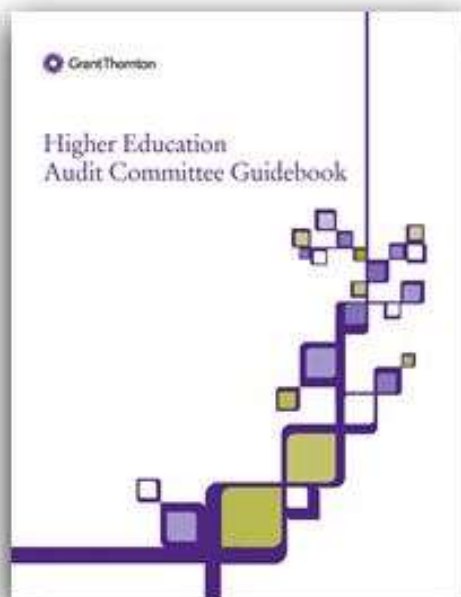
- Strategies for hiring and retaining talent
- Learning from life sciences companies
- The case for a customer-centric approach
- Embracing a holistic ESG strategy
- DE&I, ESG and the compliance function
- Leveraging your mission to succeed
- Supporting mission through technology
- Leadership strategies in a virtual world
- The future of the corporate foundation



Download our report at:
GT.com/StateofNFPandHE



Additional resources



www.grantthornton.com/industries/NFP

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Board and Executive Institute

Keep on top of topics and best practices, and current and emerging accounting, regulatory, legal and operational business trends.

[Sign up >](#)

2022 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 for more information on upcoming webcasts and to access past webcasts, which are archived for one year.



MAR 24

The state of the not-for-profit and higher education sectors

[Register to attend](#)



JUN 15

The race for talent: Attracting and retaining your nonprofit workforce

[Register to attend](#)



SEP 14

Not-for-profit accounting, regulatory and Uniform Guidance update



DEC 7

Evolving role of a not-for-profit's chief diversity officer

All webcasts are from 2:00-3:30 p.m. ET.

ATTACHMENT C

2020 – 2022 Internal Audit Plan Status

COMMUNITY COLLEGE OF PHILADELPHIA

Date: June 1, 2022
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:

- Audit reports finalized:
 - Social Media Accounts
 - CAN-SPAM Act
- Draft reports issued to management:
 - 50th Anniversary Scholars Program
 - IT Equipment Lending Program
- Audits in progress:
 - Part-Time Faculty Medical Benefits
 - Veterans' Benefits
 - Right-to-Know Requests
- Updated the Internal Audit Follow Up Matrix based on responses, updates, and target dates from senior management.
- Internal Audit Committee meetings are scheduled quarterly and continue to occur chaired by the Internal Auditor.
- Disaster Recovery Plans – Obtained updates for all large divisions and most others in order to have a full College-wide update by June 30.
- Requested senior management input for 2022-2024 Internal Audit Plan.

* * * * *

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	3	1
Compliance					
Catto Scholarship	M	Determine compliance with requirements	2022	**	3
Right to Know Requests	L	Compliance with related laws	2022	2	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	7	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
CAN-SPAM Act (Email Solicitations)	L	Determine adequacy of controls for access and posting to College social media accounts and for email solicitations	2021	7	3
Social Media Accounts	L	Determine adequacy of controls for access and posting to College social media accounts and for email solicitations	2021	7	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	5	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:

Audit deferred at the request of management	**
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.

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) 6/30/21 6/30/22	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. Database (Accommodate by Symplicity) was purchased this past year for the COD and is in the implementation phase. The implementation team is working towards the goal of going live in the next few months. Implementaion team is working on importing files from Banner for Accommodate. Once those files are in place, the team will work to ensure their files will flow into Accommodate. We are looking at a "soft" roll out some time this summer (2022).
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) 8/31/22	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.

Community College of Philadelphia

Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
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 3/31/22	<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>
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 11/1/21	<p>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.</p> <p>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.</p> <p>The Cyber Breach Committee had its first meeting on October 27, 2021 under the leadership of the new CIO. The agenda included: review of CCP data security tools & applications.</p>

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Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
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 3/31/22	See Management Response / Follow Up for item # 63 above. A Risk vs. Reward analysis was conducted to review the need for investing and implementing a Fire Suppressant System. The recommendation was to explore moving key mission control systems (ERP and Student Information System) to the cloud. Leverage AWS for compute power, database storage, content delivery and other key functionality. Given the high cost of the fire suppressant system it is optimal to not invest in the FS system. Since we are implementing Dell VxRail Hyper Converged Infrastructure, this allows our infrastructure to be available with zero data loss and near instantaneous recovery and automated failover at our backup datacenter site. The strategy to move critical resources to the cloud will minimize the dependency on the onsite data center plus allow for less replacement of equipment in event of a disaster situation like power failure, fire, flooding, and physical security.
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. <u>Neither document has been updated to reference the other</u>
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	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. 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.
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	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. The Chief of Staff accepted responsibility for working with the Cabinet to ensure recovery plans were in place where needed through the College. Disaster Recovery 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.

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Internal Audit Follow Up Matrix

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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. Plan updates in 2022 include media contacts designated by position title including backup staff as appropriate.
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	The Critical Communications Plan is being revised and will be distributed to appropriate College managers. Target date for revision is December 31, 2019. The Critical Communications Plan will include designated media contacts and their contact information. The plan is expected to be completed by May 28, 2021.
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.	cc	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. Cyber Breach Committee will be established and timetable and goals will be addressed in the next 90 days.
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	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. Cyber Breach Committee will be established and timetable and goals will be addressed in the next 90 days.
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.
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.
122B	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.

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Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
132C	9/23/2020	Forgivable Loans See 132A Gim Lim	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.
135	9/23/2020	Forgivable Loans Lisa Hutcherson	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.
140	5/26/2021	Send Word Now Randolph Merced		SWN is very easy to use and ITS plan on adding (3) additional backup resources who are proficient in the use of SWN messaging. Currently work is being done to codify an appropriate P&P to address ownership of the message at each level of an incident. We will compile relevant documentation which outlines the procedure Responsible positions who activates the mass notification system and at what critical point the responsibility of sending a message out. At which point are supplemental messages sent and who is responsible for that message. An internal procedure has been developed detailing steps to be taken with SWN, who is authorized to approve urgent messaging, and steps to be taken by other departments.
141	5/26/2021	Send Word Now Randolph Merced	TBD	Draft procedures have been developed. Distribution to EPG members and other backup users will occur in the near future. An internal procedure has been developed detailing steps to be taken with SWN, who is authorized to approve urgent messaging, and steps to be taken by other departments. A workflow document has also been developed and additional users have been appointed to send messages as needed.
142	5/26/2021	Send Word Now Randolph Merced Jessica Hurst	TBD	ITS will explore sending an email to opting person to inform them of the risks of opting out.
143	5/11/2022	Social Media Accounts Shannon Rooney	05/31/23	Vice President of Enrollment Management and Strategic Communications will be working to revise language in policies #306 and #307 to include all relevant accounts within the next year.
144	5/11/2022	Social Media Accounts Shannon Rooney	05/31/23	VP of Enrollment Management and Strategic Initiatives will work with the Director of Communications to create this document within the next year.

Community College of Philadelphia Internal Audit Follow Up Matrix

	Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
145	5/11/2022	Social Media Accounts Shannon Rooney	Internal Audit suggests it may be prudent to establish certain protocols for review and approval processes of social media posts. Examples include posts which reference legal situations, the Federation, or employment situations in which it would be prudent for General Counsel to approve; or posts regarding ongoing emergency situations which should be approved by the Director of Public Safety.	05/31/23	VP of Enrollment Management and Strategic Communications and the Director of Communications will incorporate review policies into the above-referenced document over the next year.
146	5/11/2022	Social Media Accounts Shannon Rooney	There are inherent risks in social media accounts including negative comments posted by employees, students, alumni, and vendors. Such comments may be unfavorable to the College's brand, may be critical of programs or people, or may contain hateful, racist or violence references. There are currently no security monitoring tools in use to help monitor such posts or comments. The current review process is assigned to staff. Internal Audit recommends Strategic Communications investigate whether automated tools are available to help monitor posts to its social media accounts.	N/A	While VP agrees to look into this as part of the aforementioned document, it is unlikely a tool itself would be necessary for this purpose. Monitoring is part of the social media coordinator's role.
147	5/11/2022	Social Media Accounts Shannon Rooney	User accounts should have unique passwords for social media accounts to improve account security and to help identify posts or other actions by staff.	5/11/2022	Management agreed and passwords were changed as soon as the issue was identified by Internal Audit.
148	5/11/2022	Social Media Accounts Shannon Rooney	Internal Audit recommends that a master list of such social media accounts be compiled to help ensure the groups and their designated users are aware of related College policies. It may be prudent to share procedures developed by Strategic Communications to help ensure prudent processes and security protocols are in place for these accounts. Training needs may also be identified for these users to help them ensure appropriate use of these accounts.	05/31/23	VP of Enrollment Management and Strategic Communications and Director of Communications will compile the list and establish a social media workgroup to conduct regular trainings and check-ins within the next year.

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

The action plans related to this item are expected to completed in an extended timeframe for which senior management is aware that the related risks may still exist, but may have been reduced to the extent possible

Action plans for this item are scheduled to be completed at the forthcoming Audit Committee meeting

External Assessment of Network Security by AccessIT

The main objective of the external audit was to identify vulnerabilities that could impact CCP infrastructure and to develop a benchmark for improvement. CCP has addressed the Urgent, Critical, High, and Medium issues by strategically sourcing tools and services that enhance network security protocols to prevent unauthorized system access, protect critical information, and respond to cyber threats by adopting best practices.

We currently monitor common vulnerabilities and exposure by using Foresight ProVision Platform (Managed Security Service Provider) for unprecedented visibility of our logs, and security efforts. This includes:

- Consulting and Compliance Solutions
- Security Testing and Assessment
- Incident Response-as-a -service
- SOC-as-a-Service (Security Operations Center)
- Analytics and Reporting, and
- 24/7 Support

Current Listing of CCP Data Security Applications and Tools include:

Data Security Applications / Tools	Name	Implemented
Malware	Microsoft Exchange Online Protection (O365)	Yes
Phishing	Microsoft Exchange Online Protection (O365)	Yes
Virus protection	Microsoft Exchange Online Protection (O365)	Yes
Spam	Microsoft Exchange Online Protection (O365)	Yes
DDOS (Distributed Denial of Service attacks)	Microsoft Exchange Online Protection (O365)	Yes
MFA (Multi-Factor Authentication)	Unified	Yes
Firewalls	Fortinet	Yes
NAC (Network Access Control)	Fortinet	Yes
Single Sign On	Unified	Yes
Network Monitoring	What's Up Gold (Availability) + Foresite (Log Alerting)	Yes
FTP (File Transfer Protocol)	SFTP	Yes
Encryption	SSL Communications with Website traffic	Yes
DLP (Data Loss Prevention)	Microsoft Exchange Online Protection (O365)	Yes
Wireless Security	Cisco (Use of ACL's -access control lists) & Foresite (monitoring logfiles)	Yes
Intrusion Detection (Network Security/Monitoring)	Foresite	Yes
Operating System patching for workstations/PC's	SCCM (Microsoft System Center Configuration Manager)	Yes
IOS Operating System patching for Apple workstations/MAC	JamF	Yes
End Point Security, Workstations	Microsoft Defender (O365)	Yes
VPN Software	Fortinet Client	Yes
Web Filtering	Fortigate Firewalls & Proxy servers	Yes

We have completed the items below and are in the process of completing the FortiNAC security solution that provides visibility over everything connected to our network, as well as the ability to control those devices and users, including dynamic, automated responses.

In summary we have addressed all of the **Urgent, Critical, High and Medium security** issues identified in the AccessIT report. We have remediated all discovered vulnerabilities, implemented recommendations of the external audit findings by upgrading all outdated OS's, installing the latest updates and patches, fixing all configuration issues that present security vulnerabilities, and implemented strong encryption measures.

There remain only 5 areas left to address that are in progress from a planning perspective and contingent upon completion of the remaining network security projects related to the Cisco ACI & infrastructure upgrades that are continuing to be completed. These remaining items are listed below:

Network Architecture Review			07/31/19	03/30/20		99%
Firewall Replacements, Address Firewall Summary	Complete	Green	09/04/19	12/31/21	Replaced Cisco ASA firewalls, Addressed ALL vulnerabilities in ACCESSIT Firewall summary documents. Completed	100%
Web Filtering Implementation	Complete	Green	09/04/19	03/30/20	Utilize the new Fortinet firewall devices to perform web filtering. Using Fortinet proxy servers to filter malicious web traffic. Completed	100%
IPS Placement	Complete	Green	04/07/20	04/07/20	Completed	100%
ERP Subnets/Network Segmentation	In Progress	Yellow	04/07/20	Spring 2023	Create additional DMZ networks on internal firewalls segmenting Production Database servers/App servers from Web servers; segmenting TEST environment from Production as part of Best practices recommendation - delayed waiting on RFP for additional Core infrastructure replacements in progress 02/25/20. Additional segmentation requirements must include 6509 Infrastructure replacements - Targeted with CARES2 funds Summer 21 for Replacements. Pending Replacement units	25%
SDE – (Sensitive Data Environment)	In Progress	Yellow	4/7/2020	Spring 2023	Same above, ERP subnets	25%
Additional Network Segmentation	In Progress	Yellow			Create additional firewall segment for shared services environment (ie. AD servers), and create policy allowing access. Connections between Shared Services and other networks that leverage those resources are permitted only between designated systems, ports, and services; they should also be limited by documented business need. All other connection attempts should be blocked.	25%
SSE – (Shared Services Environment)	In Progress	Yellow	4/7/2020	Spring 2023	Same above, ERP subnets/SDE	25%
CDE – (Corporate Data Environment)	In Progress	Yellow	4/7/2020	Spring 2023	Connected systems must be running AV software and Windows firewall should be enabled on all campus issued laptops and not configurable by end-users. ***Considering the accepted presence of BYOD devices, such as personal laptops, it would be extremely difficult to examine and validate the security posture of those devices without a robust Network Access Control (NAC) solution.	25%

Our overall network security infrastructure will be further strengthened by:

- Quarantine of unsecured devices – **Completed**
- Restricting access to unsecured devices – **Completed**
- Securing collaboration tools like Zoom – **Completed**
- Authentication and authorization of users and devices – **Completed**
- Guest networking access – **Completed**
- User and device profiling – **Completed**
- Incident response through policy enforcement – **Completed**
- Having an incident response plan ready to deploy – **Completed**
- Policy lifecycle management – **Ongoing, continuous**
- Overall security posture assessment – **Ongoing, Continuous**
- Use of zero trust to manage identities – **Ongoing, Continuous**
- Create a culture of cyber security awareness and training – **In Progress, Continuous**

ATTACHMENT D

External Assessment of Network Security

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