

**MEETING OF AUDIT COMMITTEE**  
**Community College of Philadelphia**  
**Thursday, June 21, 2018 – 12:00 p.m.**

Present: Mr. Anthony J. Simonetta, Mr. Jeremiah White, Mr. Matthew Bergheiser (via Conference call), Donald Generals, Ed.D., Mr. Jacob Eapen, Mr. James P. Spiewak, Mr. Gim S. Lim, Mr. Robert Lucas, and representing Grant Thornton: Mr. Brian Page

Not Present: Ms. Suzanne Biemiller, Victoria Zellers, Esq., and Representing the Meridian Group: Mr. Anthony B. Scott

**AGENDA – PUBLIC SESSION**

**(1) Approve Minutes of Audit Committee Meeting on March 28, 2018 (Action Item):**

**Action:** Mr. Simonetta asked for a motion to recommend approval of the March 28, 2018 Audit Committee meeting minutes (Attachment A). Mr. White made the motion. Mr. Bergheiser seconded the motion. The motion passed unanimously.

**(2) 2017-2018 Audit Process (Information Item):**

Attachment B contains the formal presentation made by Mr. Brian Page, Engagement Partner from Grant Thornton. Mr. Page began his discussion by reviewing the information contained in slides two and three that addressed the responsibilities of Grant Thornton and the responsibilities of the College's Governance Team and Management. Mr. White asked Mr. Page about the work performed in his practice of auditing higher education institutions if any were relating to the awareness of whistleblower tips or complaints. Mr. Page explained that they usually review the process and outcomes. Based on past experience, there were a few of these complaints in other higher education institutions and they are usually related to HR issues. Mr. Page proceeded to provide an overview of the Audit Timeline and Scope for this year's audit, areas of focus, audit approach and discussed various topics including materiality, risks and awareness of fraud, internal controls, and the use of work of others. Mr. White asked about grants held by the Foundation. Mr. Page explained that the Foundation is considered a component unit of the College and grant activities are reviewed based on inter-fund transfers between the Foundation and the College.

On investments, Mr. Page explained that they will report to the Committee if they find that investment activities are not in compliance with the College Investment Policy. Mr. Page reported that GASB 75 relating to postemployment benefits will be implemented for fiscal 2018. The full amount of the liability will be computed by the College's actuaries. The reasonableness of the assumptions used will be reviewed by Grant Thornton's actuaries. It is expected to be in excess of \$172 million. It will be recorded in the opening balances and prior year financial statements will not have to be restated. Mr. Page continued to highlight the remaining GASB standards Attachment B. There were no further questions for Mr. Page.

**(3) 2018-2019 Budget Highlights (Information Item)**

Mr. Eapen distributed copies of the 2018-2019 Fiscal Year Budget and Highlights (Attachment C) previously provided to the Board of Trustees.

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

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

Mr. Lucas also presented the Committee members with the Internal Audit Follow Up Matrix. This spreadsheet lists previously issued audit comments, the related action plans to be performed by management and a target date for the actions. Mr. Lucas stated that 11 action plans were added to the matrix related to the recently finalized audit reports, five of which were already marked complete based on the prompt actions of management to address the recommendations.

Mr. Lucas also informed the Committee that he had solicited input from the Cabinet members for the 2018-2020 Internal Audit Plan. He noted that a proposed plan has been prepared for review by senior management and that he plans to present the proposed plan at a Cabinet meeting in July. Mr. Lucas stated that he would inform the Audit Committee members when the Audit Plan is approved and that he will send the final plan to them soon after approval.

**(5) Next Meeting:**

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

**EXECUTIVE SESSION**

GSM/lmh  
Attachments

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

**ATTACHMENT A**  
**MINUTES FROM MARCH 28, 2018**  
**AUDIT COMMITTEE MEETING**

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

Present: Mr. Anthony J. Simonetta, Ms. Suzanne Biemiller, Mr. Jacob Eapen, Mr. Gim S. Lim, Mr. James P. Spiewak, Mr. Robert Lucas, Victoria Zellers Esq., and representing Grant Thornton: Mr. Brian Page and Ms. Angelica Roiz

Not Present: Donald Generals, Ed.D., Mr. Matthew Bergheiser, Mr. Jeremiah White, & Representing the Meridian Group: Mr. Anthony B. Scott

**AGENDA – PUBLIC SESSION**

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

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

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

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

Mr. Page reported that the College continues to have no material weaknesses or significant deficiencies as well as no issues of non-compliance.

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

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

**(3) Internal Audit Update (Information Item):**

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

Mr. Lucas also noted that, since the first year of the two-year Internal Audit Plan is nearly over, he will be performing an informal risk assessment update by soliciting input from Cabinet members and senior managers to determine if there are any new or significantly changed functions that should be considered for possible addition to the remaining year of the Internal Audit Plan due to the risks associated with those changes. Mr. Lucas noted that any such changes he believes should be considered for inclusion in the Internal Audit Plan will be discussed with Dr. Generals, Mr. Eapen and Dr. Gay for their review and approval. Any such changes will be communicated to the Audit Committee at the June 2018 meeting. Mr. Lucas inquired of the Committee members as to whether they had any recommendations of areas for inclusion in the Plan. There were none noted.

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

**(5) Next Meeting:**

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

**EXECUTIVE SESSION**

GSM/lmh  
Attachments

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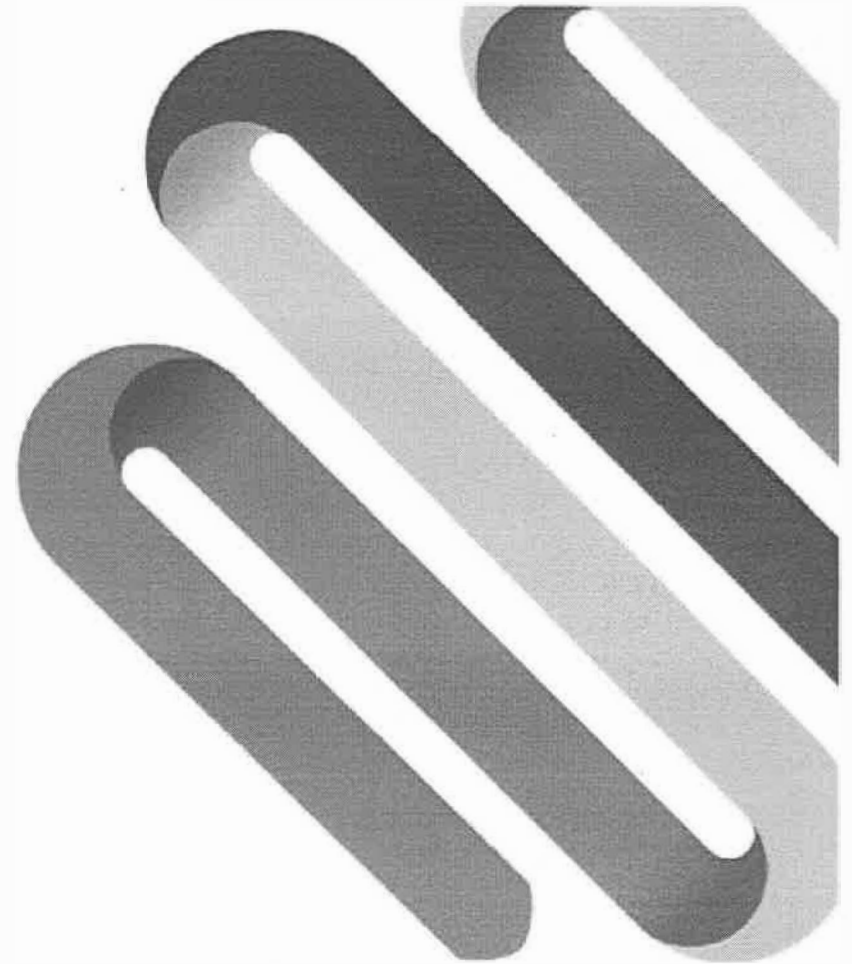
# **ATTACHMENT B**

**Grant Thornton  
2017-2018 Audit Process Presentation**



# **2018 Audit Planning Presentation and Discussion**

**Community College of  
Philadelphia**

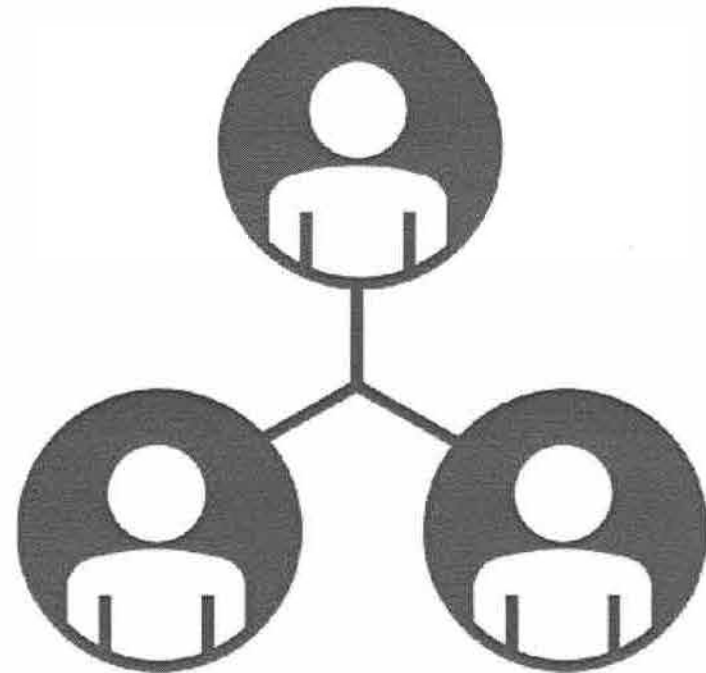


# Our Values are CLEARR

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

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

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





# Our Responsibilities

We are responsible for:

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

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



# Those Charged With Governance and Management Responsibilities

## Those Charged with Governance are responsible for:

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

## Management is responsible for:

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

# Audit Timeline & Scope

May 2018	Client acceptance	<ul style="list-style-type: none"> <li>• Client reacceptance</li> <li>• Issue engagement letter</li> <li>• Conduct internal client service planning meeting, including coordination with audit support teams such as IT and tax</li> </ul>
June 2018	Planning	<ul style="list-style-type: none"> <li>• Meet with management to confirm expectations and discuss business risks</li> <li>• Discuss scope of work and timetable</li> <li>• Identify current-year audit issues and discuss recently issued accounting pronouncements of relevance</li> <li>• Initial Audit Committee communications</li> </ul>
July 2018	Preliminary risk assessment procedures	<ul style="list-style-type: none"> <li>• Develop audit plan that addresses risk areas</li> <li>• Update understanding of internal control environment</li> <li>• Coordinate planning with management and develop work calendar</li> </ul>
August 2018	Interim fieldwork	<ul style="list-style-type: none"> <li>• Perform walk-throughs of business processes and controls</li> <li>• Perform selective substantive testing on interim balances</li> <li>• Begin Single Audit compliance testing</li> </ul>
August-September 2018	Final fieldwork and deliverables (short form)	<ul style="list-style-type: none"> <li>• Perform final phase of audit and year-end fieldwork procedures</li> <li>• Meet with management to discuss results</li> <li>• Present results to the Audit Committee</li> </ul>
December 2018 – March 2019	Final fieldwork and deliverables (Single Audit)	<ul style="list-style-type: none"> <li>• Perform final phase of Single Audit compliance testing</li> <li>• Meet with management to discuss results</li> </ul>

# Materiality

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

- We believe that total revenues is the appropriate benchmark for the College.
- We believe total expenditures for each major program are the appropriate benchmarks for the Single Audit.

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

# Views of those charged with governance

## Discussion points

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

# Significant risk

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

Significant risk	Procedures
Tuition revenue, auxiliary enterprises and related receivables/deferred revenue	<ul style="list-style-type: none"><li>• Perform reasonableness test on tuition, student aid and auxiliary revenue amounts.</li><li>• Perform deferred revenue testing to determine proper cut-off.</li><li>• Inquire of management about the allowance methodology and, policies governing additional charges or other steps taken (e.g., cannot register, cannot attend commencement) for lack of payment of student account.</li><li>• Review management's analysis of allowances for doubtful accounts for consistency with methodology and accuracy of inputs.</li></ul>
State and Federal Grants & Contracts	<ul style="list-style-type: none"><li>• Review contract documents to obtain understanding of the terms.</li><li>• Compare revenues and recorded expenses to determine that amounts are being recorded appropriately based upon the terms of the contracts.</li><li>• Review any deferred amounts for reasonableness.</li><li>• Agree any subsequent collections to year-end receivable balances.</li><li>• Review propriety of financial statement presentation and disclosure.</li></ul>



# 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 and related earnings	<ul style="list-style-type: none"><li>• Review of compliance with the College's investment guidelines, policies, procedures and controls.</li><li>• Test valuation of publicly traded investments using an independent pricing source.</li><li>• Tested valuation of investments that are not publicly traded by performing an independent assessment of the valuation methodology and testing roll forward period of alternative investments and obtaining underlying audited financial statements of the respective funds.</li><li>• Test reasonableness of investment-related income, including unrealized appreciation/(depreciation) in fair market values.</li><li>• Review investments for impairment.</li><li>• Obtain SSAE16 reports from investment custodians.</li></ul>

# 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
State & city appropriations	<ul style="list-style-type: none"><li>• Obtain detail of appropriations received from the state for fiscal year.</li><li>• Confirm amounts with state, agreeing to revenue recorded in general ledger.</li><li>• Review receivable, determining calculation is correct based on cash received and amounts outstanding based on confirmation.</li></ul>
GASB 75	<ul style="list-style-type: none"><li>• Review the analysis of accrued postretirement benefit obligations.</li><li>• Assess the reasonableness of actuarial assumptions: discount factor, trend rates and cash flows, amongst others.</li><li>• Test participant census data.</li></ul>



# 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
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"> <li>• Planning, identification of major federal programs and risk assessment.</li> <li>• Reviewing the respective federal compliance supplements and, as applicable, the specific grant/award agreements and documenting the applicable compliance requirements.</li> <li>• Documenting/updating internal controls over compliance for each of the respective major federal program(s) or cluster(s).</li> <li>• Testing compliance and internal controls over compliance for each direct and material compliance requirement over each major federal program. <ul style="list-style-type: none"> <li>• 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.</li> <li>• Consistent with prior years, we anticipate that we will audit compliance associated with the federal Student Financial Assistance (SFA) Cluster.</li> <li>• Required to test a minimum of 40 items for larger populations (250 transactions or more) or at least 10% of smaller populations for each direct and material compliance requirement. That is, 40 items for compliance and 40 items for controls. Dual purpose testing will be employed whenever possible.</li> </ul> </li> <li>• Testing the reconciliation of the schedule of expenditures of federal awards to the respective amounts included within the basic consolidated financial statements.</li> </ul>



# Other Areas of Focus – continued

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

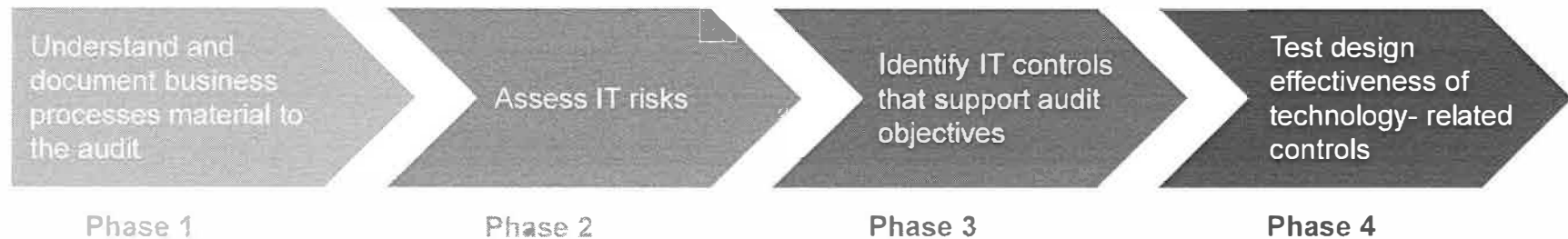
Area of focus	Procedures
Compliance with Uniform Guidance (continued)	<ul style="list-style-type: none"><li>• Communicating compliance/control findings, if any, to management.</li><li>• Addressing resolution of communicated compliance/control findings and understanding management's response to be included in the corrective action plan.</li><li>• Assessing completeness of disclosures related to the federal schedule of expenditures.</li><li>• Rendering respective independent auditor opinions.</li><li>• Preparing the appropriate sections of the federal Data Collection Form submitted to the Federal Audit Clearinghouse.</li></ul>

# 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	<p>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, useful lives of fixed assets, valuation of Level 2 investments which are based on NAV per share, actuarial estimates for the College's post-retirement benefit plan (OPEB) under GASB 45, and actuarial estimates for the College's self-insurance medical claims liability (IBNR). Our procedures have been designed in part, to review these estimates and evaluate their reasonableness.</p>
Financial statement disclosures	<p>Our procedures will also include an assessment as to the adequacy of the College's financial statement disclosures to ensure they are complete, accurate and appropriately describe the significant accounting policies employed in the preparation of the financial statements and provide a detail of all significant commitments, estimates and concentrations of risk, amongst other relevant disclosures required by US GAAP.</p>

# Technology support as part of the audit process



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

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

**In-Scope Application: Banner**

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



# Use of the Work of Others

## Specialists

GT Pricing group – Valuation of investment portfolio

GT Actuarial group – Review of assumptions & methodology underlying the calculation of the IBNR claims liability for self-insured medical and pharmacy plans as provided to CCP by third party actuary at Alliant Insurance Services and review of assumptions for GASB 75 valuation (as of July 1, 2017) provided by third party actuary at Clarity in Numbers

GT Tax group - Review of UBIT and tax positions

# 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](https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191)

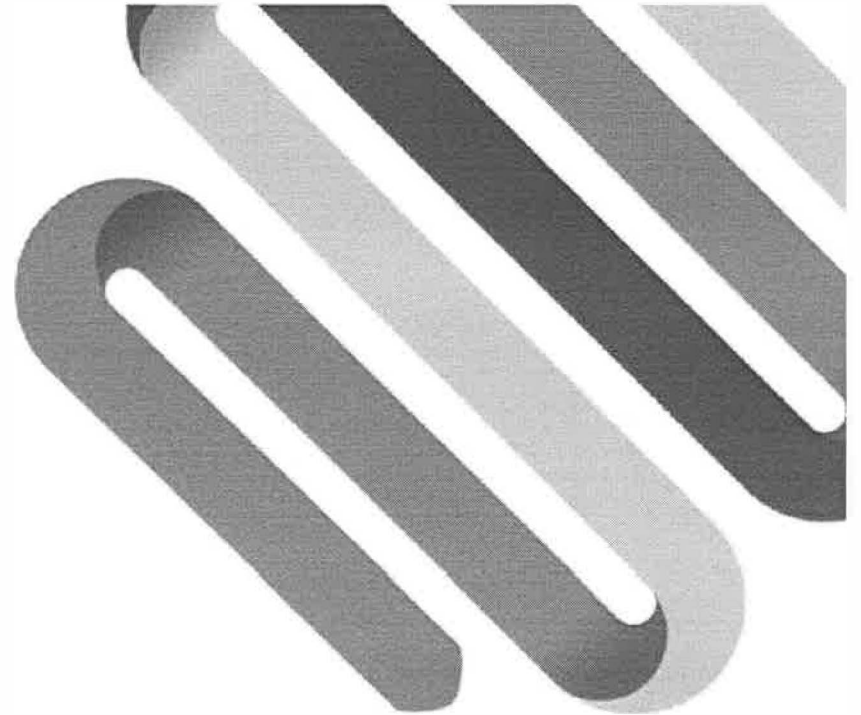
Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.





Audit Planning Presentation

# Technical Updates – GASB



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

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



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

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

## GASB Statement 81, *Irrevocable split-interest agreements*

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

# GASB Statement 83, *Certain Asset Retirement Obligations*

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

# GASB Statement 84, *Fiduciary Activities*

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

# GASB Statement 86, *Certain Debt Extinguishment Issues*

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

# GASB Statement 87, Leases

## Summary

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

## GASB Statement 87, *Leases* (continued)

### Potential Impact

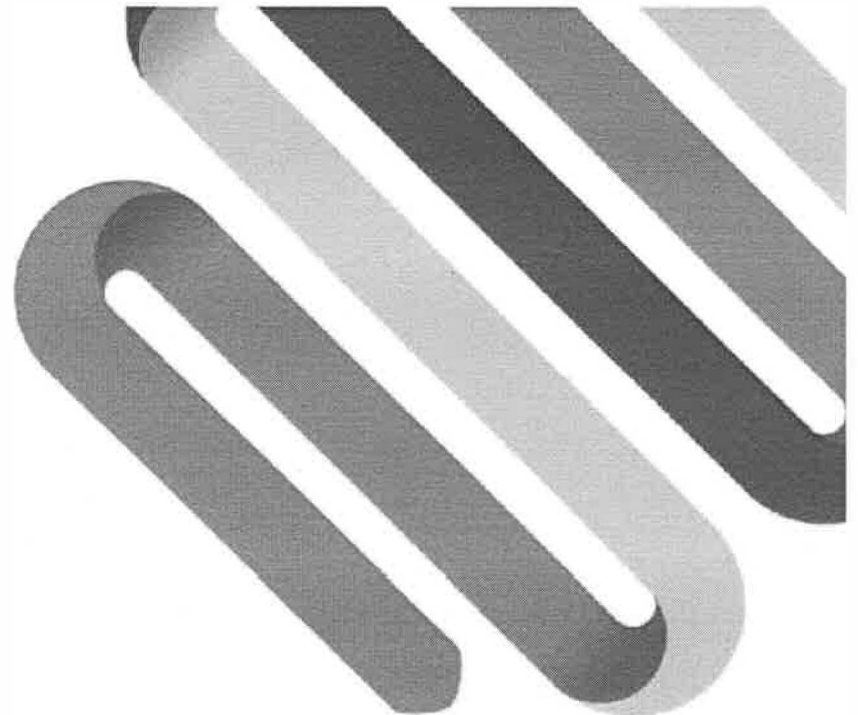
For those colleges which use operating leases to finance certain capital activities, this standard could have a significant impact on the financial statements of the College upon adoption. Management should consider the impact on financial covenants, as well as ensuring a complete inventory of existing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



**Audit Planning Presentation**

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# Industry Updates





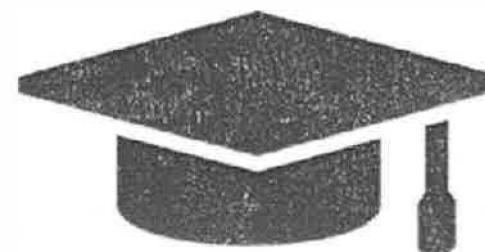
# Key Themes in 2018

## Good news:

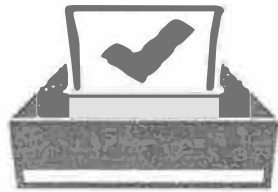
- Colleges and universities are holding steady, with flat or modest revenue increases accompanied by warning signs
- More and more experiments with "business model" are occurring

## Not so good news:

- Revenue is highly constrained with limited prospects of improvement
- Price sensitivity (restraint on net price increases) continues
- Demographics worrisome in East and Midwest
- Washington policies may harm but won't help



# Washington Update: New Tax Law



Plus many, many  
little surprises like  
employee moving  
expenses  
now being taxable

1

**Endowment spending lowered:** 1.4% excise tax on net investment income. Applies if over 500 students and \$500M in assets per FT student. Excludes assets "directly used to carry on educational purposes."

2

**Excise tax on executive comp:** 21% excise tax on comp of "covered employee" in excess of \$1M ("covered" if one of five higher compensated for organization)

3

**Likely increase in unrelated business income tax:** No "bucketing" or "netting." Loss of one activity can't be used to offset gain of another.

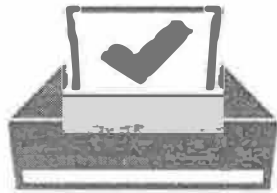
4

**Fund raising more challenging:** Increase in standard deduction eliminates tax incentive for those who don't itemize. Doubling of estate tax exemption may reduce charitable giving to reduce or eliminate estate tax.

5

**Weakened state support for public higher education:** The cap on the state and local tax deduction puts additional pressure on state budgets

# Washington Update: Immigration & Isolation



1

**Immigration, including DACA:** Negative impact on trend toward globalization: insecurity of existing students & faculty, less international students (see below) & faculty; stifled programs abroad

2

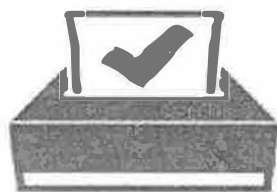
**International Student Enrollments Down:** Applications & enrollments dropped this fall, especially at the graduate level and in non-elite institutions

## States:

1

**"Free tuition:** Being proposed by governors and adopted in in some states. Generally good for public institutions. Potential negative impact on private colleges in those states.

# Washington Update: Higher Education Act\*



1

**Federal aid (grants):** Continues Pell Grants but limits or eliminates other aid programs.

2

**Federal aid (loans):** Ends the Public Service Loan Forgiveness Program. Caps the amount graduate students may borrow at \$150K. Ends Federal Direct Loan Program for new borrowers starting July 1, 2019.

3

**Free Application for Federal Student Aid (FAFSA):** Asks Secretary to simplify the FAFSA and create mobile-optimized tool.

4

**Accreditation.** Accreditors required to identify annually institutions that are at risk of failing to meet their standards and key metrics. At least one public member on accrediting commission would be required to represent the business community

5

**Protects for-profit education.** Repeals "gainful employment" regulation, weakens "borrower defense" regulation; tells DOE to use "single definition of institution"



\*House version

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"Negative"  
after two years  
of "stable"

Revenue:

- Growth in revenue will not keep pace with growth in expenses
- Increases of tuition revenue, research funding and state contributions will "remain subdued"
- "A market that is increasingly sensitive to higher education's price v. perceived value"

Expenses:

- Labor costs
- "Need to sustain investments" in programs, facilities, and technology





### Private Sector

- More than half of private institutions will achieve growth of at least 3%
- Net tuition growth in the 3-3.5% range for private universities and "lower net tuition growth" than universities for small & medium sized institutions
- Growth in "first year discounting" is a worry

### Public Sector

- Less than 20% of public, four-year institutions will see their revenue increase by more than 3%
- Net tuition growth in 2-3% range "as they face increasing political constraints, including state limits on raising tuition"
- Tuition freezing and lowering is gaining traction
- More states likely to mandate mergers & reorganizations

*All sectors: decline of high school graduates in Northeast & Midwest (over 5% through 2025)*

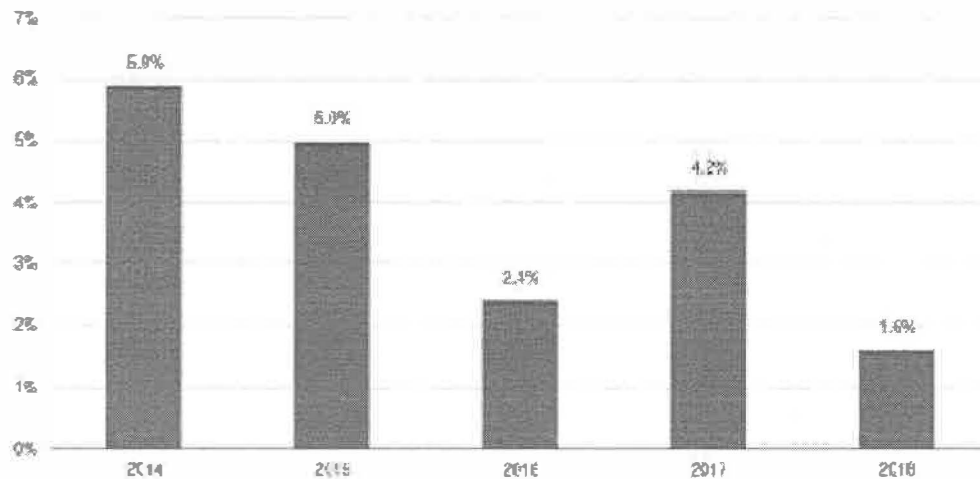




## "Slow growth in state support strains public universities' budgets"\*

Exhibit 1

Increase in state appropriations for US higher education is the smallest in five years



Source: Grapevine Comparison of State Fiscal Support for Higher Education

- Smaller state funding increase is "credit negative" for public universities
- "Effects of the limited funding increase will be greatest for small public universities, for which almost 30% of operations are paid for with state appropriations."
- Public universities, especially regional universities, have "consumed much of their pricing power" so tuition increases can't offset state support

\*Title of Moody's report issued 1-29-2018



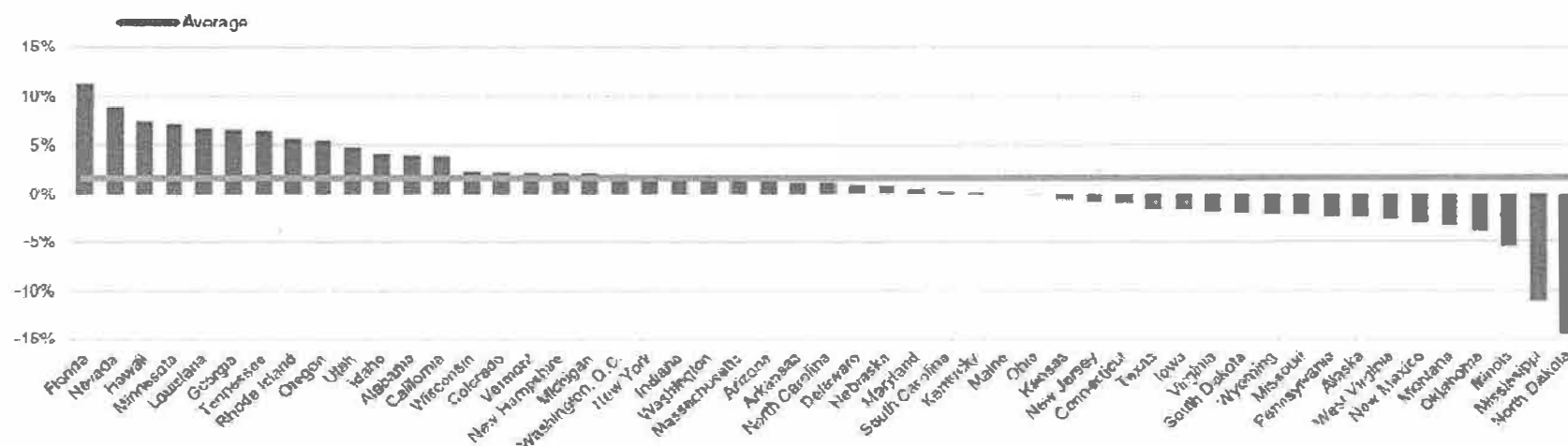


## Changes in support vary significantly by state

Exhibit 2

Wide disparity in 2018 state appropriations for higher education

One-year change in state support for higher education



Source: Grapevine: Compilation of State Fiscal Support for Higher Education

Moody's report issued 1-29-2018



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"Negative"  
after two years  
of "stable"

Federal policies:

- Tax law could hurt fund raising
- Immigration policies and tone is hurting international enrollment
- Uncertainty around potential future changes in tax policies and in Federal student aid policies





"Negative"  
after two years  
of "stable"

Opportunities:

- International recruitment
- Expansion of online and certificate programs
- Attracting transfer students and improving retention



# Standard & Poor's 2018 Sector Outlook

**S&P Global**  
Ratings

## Opportunities

- Increase and emergence of innovative strategies and partnerships
- Change in institutions' view of ideal target student profile

## Risks

- Multiple implications from the recently enacted Tax Cut and Jobs Act
- Decrease in capital markets activity due to rising interest rates and curtailment of advance refundings
- Widening gap between students' expectations and their willingness to pay

Citing changes in Federal policy, S&P also switches to "a negative outlook"

# Standard & Poor's 2018 Sector Outlook

S&P Global  
Ratings

Some quotes  
from S&P

"Students and parents seek stagnation in or decrease in the cost of attendance while demanding even bigger increases and improvements to facilities, amenities, and services."

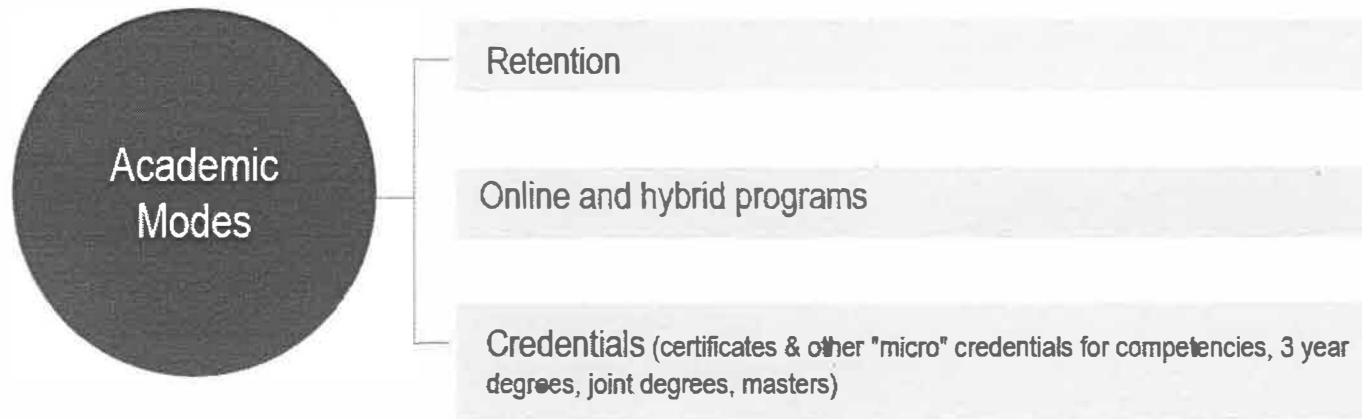
"Colleges and universities seem more open than ever before to adopting nontraditional or new strategies and partnerships.....We expect institutions will continue to explore creative ways of doing business to combat the challenges of the current operating model."



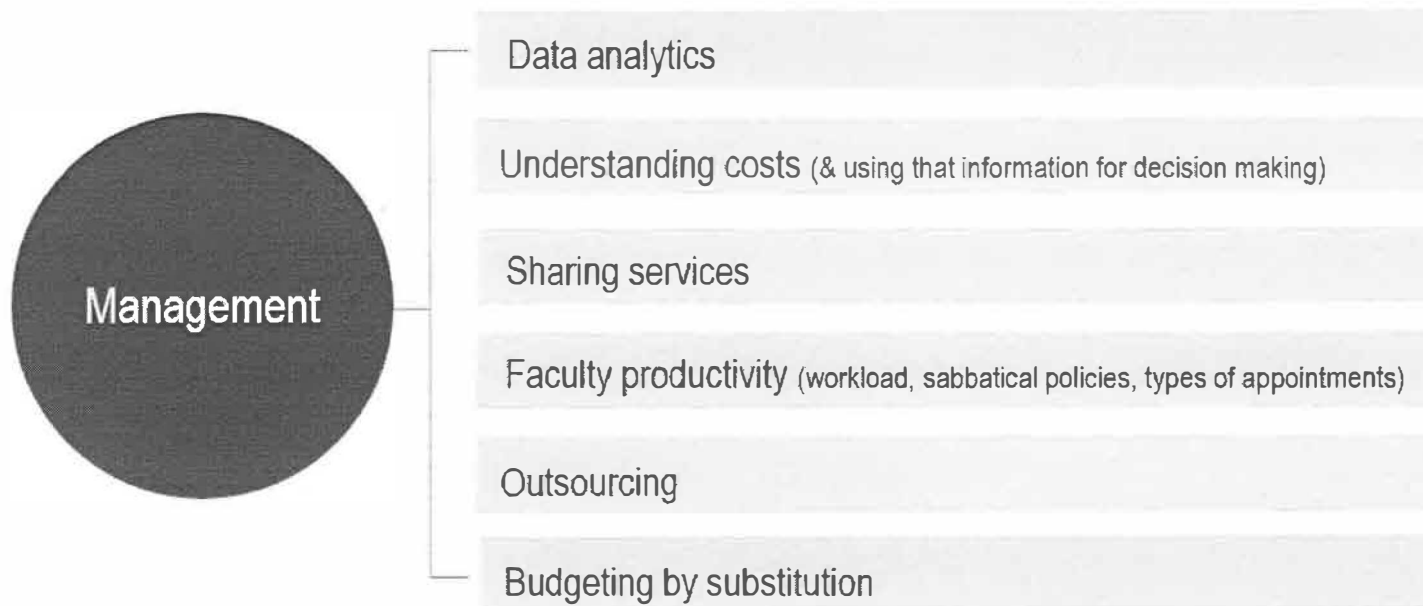
# What are colleges doing to generate financial return?



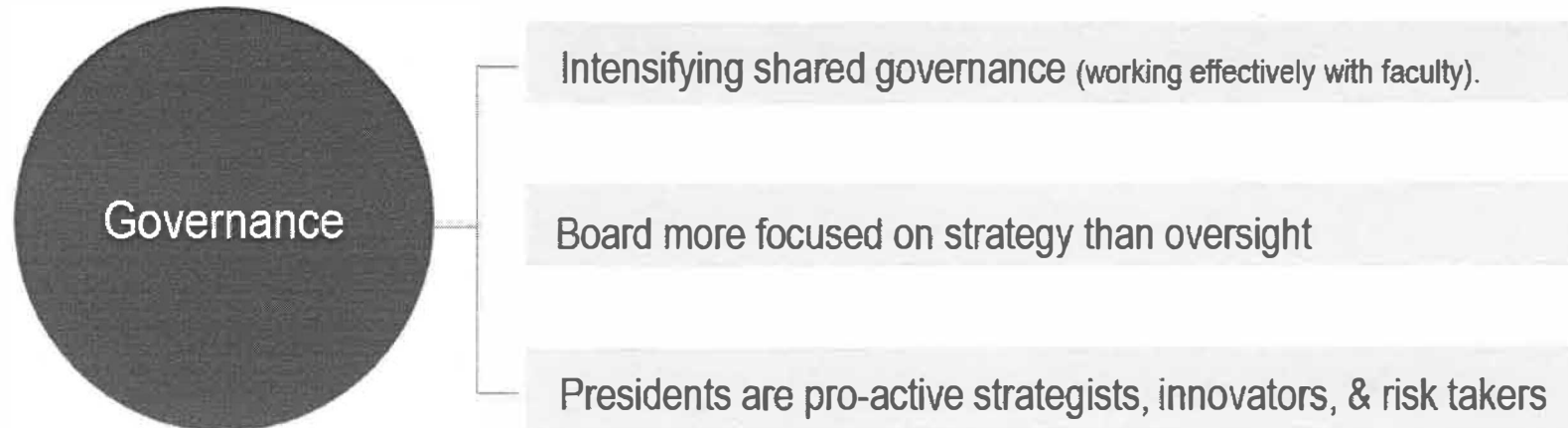
# What are colleges doing to generate financial return?



# What are colleges doing to generate financial return?



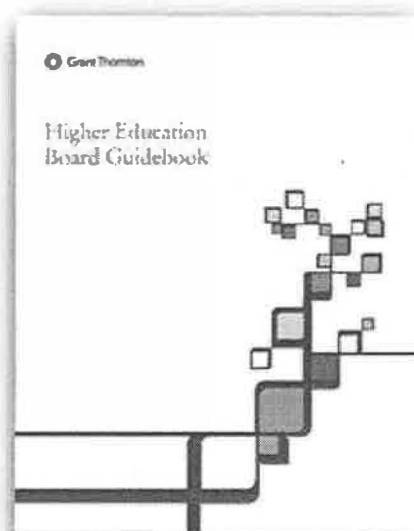
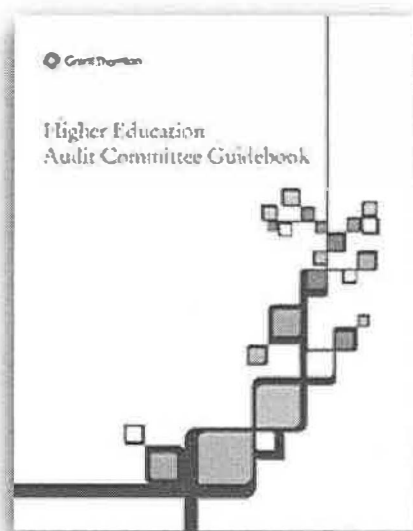
# What are colleges doing to generate financial return?





# Additional resources

[www.grantthornton.com/industries/NFP](http://www.grantthornton.com/industries/NFP)



## Stay in touch



### 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 >](#)

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# **Attachment C**

## **Highlights of 2018-19 Budget**

*The Path to Possibilities™*

Community College *of* Philadelphia  
[www.ccp.edu](http://www.ccp.edu)

# Highlights of the 2018-19 Budget

Board of Trustees Meeting  
Thursday, June 7, 2018

*The Path to Possibilities.*

Community College *of* Philadelphia  
[www.ccp.edu](http://www.ccp.edu)

## Highlights of 2018-19 Budget

- In the last 5 years, only one year that the College had a tuition increase.
- Continue to fund all student services.
- Adding 2 new Advisors bringing the total to 12 Advisors.
- Continue the Guided Pathways initiative.
- Launched new degree & certificate Programs: Dual Enrollment & Workforce Development Offerings
- Build upon the partnership with the District on dual enrollment.
- More workforce development offerings.
- Build on the successful Power Up program.
- The 6th year of the highly regarded Goldman Sachs-funded 10KSB program.
- Career Connections expands campus recruitment & job fair opportunities.

## Highlights of 2018-19 Budget

- Launching a Comprehensive Fund raising Campaign.
- New systems: Implementation of New Software for Assessment, Employee Performance Evaluations and eProcurement.
- Renovation of the Library & Learning Commons.
- Expansion of the WRC as a destination workforce development center.
- Continue to address facilities maintenance & security upgrades.
- Continue Diversity Programs.
- Institute for Community Engagement & Civic Leadership continue to foster community programs.

# **ATTACHMENT D**

**Internal Audit –  
Plan Status & Other Information**

# COMMUNITY COLLEGE OF PHILADELPHIA

Date: June 19, 2018  
To: Audit Committee Members  
From: Robert Lucas, Internal Auditor  
Subject: Internal Audit – Plan Status and Other Information  
Copies: Donald Generals, Judith Gay, Jacob Eapen, Victoria Zellers

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

- Internal audit reports finalized since the last meeting:
  - Disaster Recovery Plan
  - DACE CBO Remote Sites (2017 / 2018)
- Draft internal audit reports issued to management:
  - Emergency Operations (Business Continuity) Plan
- Audits in progress to be completed shortly:
  - Non-ITS Administered Programs
  - PELL Grant Appeals
- Completed a review of internal controls related to IT mobile devices based on theft of a device from ITS work area in April 2018
- Completed a full update of the Internal Audit Follow Up Matrix
- Solicited input for 2018-2020 Internal Audit Plan from management
- Developed a proposed 2018-2020 Internal Audit Plan for review and approval by senior management

\* \* \* \* \*



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

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

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

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage
State Recruiting Regulations	M	Determine compliance with regulations / restrictions	2017	
Family Medical Leave Act	L	Determine compliance with policies, procedures and regulations	2018	
Residency Verification	L	Compliance with procedures and controls to pay tuition based on residency	2018	
Forgivable Loans	L	Compliance with procedures and controls for such loans	2018	
Clery Act	M	Compliance with law and required disclosures	2017	1
<b>IT Audits</b>				
Disaster Recovery Plan	M	Determine adequacy of readiness and periodic testing	2017	7
Non-ITS Administered Software Programs	M	Determine adequacy of administration controls	2017	4
Network Security	L	Determine adequacy of controls for systems access	2018	
ITS Theft Investigation	N/A		2018	Complete
<b>Administrative</b>				
Follow Up on Prior Issues			Ongoing	
Committee Meetings (Grants, Data Breach, EMT, external audits/reviews)			Ongoing	

Stage:

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

## Community College of Philadelphia

### Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
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)	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.
50	4/21/2016 Library Hold Releases Joan Bush	If library staff retain the ability to release holds for fines and lost books, reconciliations of cash collected to released holds must be performed periodically and reviewed by management. Any differences must be investigated and resolved.	12/31/16  7/1/17 (Update of Progress)  12/22/17  6/15/18 (Status Update)  9/1/18 (Status Update)	Management has convened a team to review the current processes and controls. Potential changes include transferring certain controls to the Bursar's group which will eliminate the need for reconciliations between Millenium records (fines released) and Banner records (cash collected).  An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17 which have interfaces to update Banner records on a timely basis. Fines are expected to be eliminated under new library policies any necessary payments will be directed to the Bursar.  Target date new ILS implementation is now 12/22/17.  The implementation of the new ILS system, Alma, occurred as scheduled. Library fines have been eliminated. Borrowers will be charged for lost / unreturned materials. A draft process including replacement cost methodology has been developed and must be approved by management. Procedures for transferring charges to the Bursar remain to be addressed.

## Community College of Philadelphia Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
54	4/21/2016 Library Hold Releases  Joan Bush	Management should review the dollar amounts of fines and maximums per book to ensure the amounts correlate to the values of borrowed books.	12/31/16  7/1/17 (Update of Progress)  12/22/17  6/15/18 (Status Update)  9/1/18 (Status Update)	Management has convened a team to review the current fines and lost book charges and propose changes as appropriate to help streamline this process.  Library staff and faculty are developing a proposal for a new borrowing policy by January 13, 2017. Proposal will require senior management approval.  Target date new ILS implementation is now 12/22/17.  The implementation of the new ILS system, Alma, occurred as scheduled. Library fines have been eliminated. Borrowers will be charged for lost / unreturned materials. A draft process including replacement cost methodology has been developed and must be approved by management.
59	5/25/2016 ITS Physical Security  Gary Bixby	ITS and Facilities management should take appropriate steps and plans to reduce the risks associated with connectivity rooms left wide open.	6/30/17  6/30/18  9/15/18 (Status Update)	ITS management noted that a plan to move the connectivity hardware to a separate room. ITS management states that the project has again been included and approved in the capital budget for the 2016-2017 fiscal year although they do not know when construction will begin.  The project has been re-scheduled for the Spring/Summer of 2018.  The current IT Closet has been locked down at the WERC campus and is no longer used by custodians or others. An alternative space for this ITS connectivity room has been included in a larger project for this regional center. Consequently, the project has been re-scheduled for the fall semester of 2018.
60	5/25/2016 ITS Physical Security  Jody Bauer Randy Merced	The doors to the rooms which house connectivity equipment should have electronic locks to limit access and record who enters the rooms.	12/31/16  6/30/17 (Update of Progress)  12/31/17 (Update of Progress)  9/15/18 (Status Update)	ITS and the Safety and Security Departments are currently engaged in a long term project to reprogram electronic door locks so that they will work with the current CBord system.  As of August 2016, second and third floor door locks in CBI have been migrated to CBord and licensing is in place on server. Awaiting direction from Safety and Security for plans for other door locks.  Update from management as of 12/21/2016: All CBI doors have been converted to CBord. Door repairs for some double door issues are pending.  Door repairs have been addressed. New electronic locks are expect to be installed on the remaining three ITS server rooms deemed critical by the start of the fall 2018 semester.

## Community College of Philadelphia Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
63 5/25/2016	ITS Physical Security  Gary Bixby	Management should consider installing additional gaseous systems in rooms which have significant risk of business and classroom interruption based on the type of equipment in the connectivity rooms.	6/30/17 (Update of Progress)  4/30/18  9/15/18 (Status Update)	<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 has been 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>
64 5/3/2016	Remote Sites of DACE CBO Program  David Thomas	Internal Audit recommends that that DACE management develop a process to provide a substitute supervisor when such absences occur or are requested.	9/1/16  4/30/17  10/31/17  5/31/18 (Responses for 2018 Draft Report)	<p>The College and the CBOs have an understanding that the CBO administrator will ensure that the DACE students remain in designated areas, that the course ends on time and that DACE students leave the site in accordance to standard procedures. Management will document this and formally communicate this with the CBOs again before the fall semester. In the rare event that site supervisors may have to leave early and the CBO's designated administrator is unable to fulfill these duties, the class(es) will be dismissed.</p> <p>Internal Audit will follow up on these plans during the spring 2017 audit of this subject.</p> <p>A revised management response in the 2017 / 2018 CBO Visits audit report will address the status of this action.</p> <p>See update to the actions plans above in item # 81 below.</p>

## Community College of Philadelphia

### Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
66 5/3/2016	Remote Sites of DACE CBO Program  David Thomas	Internal Audit recommends that Safety and Security management determine that the site supervisors are aware of the emergency procedures for their respective facility. The emergency procedures for each facility should be documented and provided to the site supervisors each semester based on the assignment of site supervisors.	9/1/16  10/31/17  5/31/18 (Responses for 2018 Draft Report)	Management will contact the Dean of the DACE group to coordinate our assessments of the plans at each CBO location. To ensure the College's site supervisors understand the plans at each site and communicate them to the instructors and students, we expect to visit to these sites at the beginning of each semester beginning with Fall 2016.  Safety and Security management met with directors at both sites in fall 2016 and observed briefing of students at one location in fall 2016. Emergency plan briefings to the CBO classes will be confirmed or provided by Safety and Security management at the beginning of each semester beginning fall 2017.  Security & Safety management have requested that each division provide their remote site staff with safety instructions including references to new CCP online resources. This request will be discussed with affected division VPs and final resolution / action plans will be included in 2017 / 2018 CBO Visits audit report.  See update to the action plans above in item # 83 below.
73 5/24/2018	Disaster Recovery and Response  Jody Bauer	DRRP be amended to include appropriate references to the EOP including when ITS staff should alert managers designated in the EOP that an IT event has occurred, and so response efforts are coordinated.	5/1/18	The DRRP will be updated to reflect the EOP references noted within the next 30 days (no later than May 1, 2018).  The DRRP was revised in May 2018 and it included references to the EOP as well as an embedded link to the online EOP within the electronic version of the DRRP.
74 5/24/2018	Disaster Recovery and Response  Jody Bauer	Procedures for data breach, hacking and ransomware scenarios be formally documented and approved, and included in the DRRP. Plans for management to make related financial decisions should also be included.	6/30/18	Data breach, hacking and ransomware scenarios will be added to the DRRP within the next 90 days (no later than June 30, 2018).  All recommended scenarios were included in the May 2018 revision of the DRRP.
75 5/24/2018	Disaster Recovery and Response  Jody Bauer	Substantive testing of the DRRP should be documented. Issues and resolutions should be tracked and documented until completed. Table-top exercises should also be performed periodically using a variety of scenarios and timing.	6/30/18	Testing procedures and results will be documented and maintained moving forward. Tabletop exercises will be added to the monthly DR meetings held in ITS. These procedures will also be documented in the DRRP within the next 90 days (no later than June 30, 2018).
76 5/24/2018	Disaster Recovery and Response  Jody Bauer	DRRP should be reviewed, and updated as necessary, in the near future as it is more than one year old. Future reviews should be scheduled at least annually.	5/1/18	The DRRP will be updated to reflect the EOP references noted within the next 30 days (no later than May 1, 2018).  The DRRP was revised and approved by management for distribution to ITS management and staff.
77 5/24/2018	Disaster Recovery and Response  Jody Bauer	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	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.

## Community College of Philadelphia Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
78 5/24/2018	Disaster Recovery and Response  Jody Bauer	CCP's internet and intranet sites are under the control of the Marketing Department. All cyber activities should have plans in place to address and recover from incidents. ITS management should request plans be provided, or developed, which address these areas of risk. It may be prudent to include these plans in an appendix within the DRRP for easy reference by management.	5/24/18	Marketing's Creative Services team provided a brief plan and contact information in place for a disruption to the College's internet and/or intranet sites which are managed through a vendor who is also responsible for backing up the programming for the sites.
79 5/24/2018	Disaster Recovery and Response  Jody Bauer Judith Gay	Management should designate one or two additional persons who are authorized to speak about a DRRP incident. ITS staff should be reminded that only persons named in the DRRP are authorized to speak to media about a DRRP incident.	5/24/18	The Communications Office selected two alternate staff to serve as the media contact in the event the primary one is not available. The names and contact information have been forwarded to the Chief Information Officer for inclusion in the upcoming revision of the DRRP. ITS staff were reminded via email on April 9 that, in the event of a DRRP-related incident, all media inquiries should be directed to the College's Communications Office.
80 5/24/2018	Disaster Recovery and Response  Jody Bauer	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  (Status Update)	See Management Response / Follow Up for item # 63 above.
81 6/12/2018	Remote Sites of DACE CBO Program  David Thomas (DACE)  Waverly Coleman (WEI)	DACE management should develop a process to provide a substitute site supervisor when absences occur or are requested.  The WEI division also has classes in Ben Franklin High School and uses a site supervisor so the same recommendation is made to WEI management.	09/30/18	In the event of a last minute Site Supervisor absence, the Faculty will be alerted and informed that they must pay close attention to their students' whereabouts within the facility, both during class time and as they are dismissed. In the event of an absence beyond one day, a substitute Site Supervisor will be sent to the facility.
82 6/12/2018	Remote Sites of DACE CBO Program  David Thomas (DACE)  Waverly Coleman (WEI)	Child abuse and criminal background checks should be performed for any College staff and faculty working at the DACE CBO sites who have not had such a check in the period required by the related PA laws.  The WEI division also has classes in Ben Franklin High School so the same recommendation is made to WEI management.	09/30/18	All Instructors and Site Supervisors who work in leased facilities with students less than 18 years of age, will have the required background checks and child abuse clearances, arranged and tracked through the College's Human Resources Department.

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83 6/12/2018	Remote Sites of DACE CBO Program  David Thomas (DACE)  Waverly Coleman (WEI)	Management from the DACE, WEI, and Public Safety departments determine procedures which will facilitate briefings to these non-credit students regarding the appropriate emergency actions at each facility. These responsibilities can be designated to, or shared by the facility managers, the College's site supervisors, and the Public Safety team.	09/30/18	For courses taught at non-College locations, DACE and WEI will work with the appropriate persons at the facility to obtain specific emergency and safety information to distribute to CCP students and faculty. DACE and WEI will also direct the College's students and faculty to the College's Office of Public Safety's landing page for additional information.  For courses taught for other entities at their facility, the College will take steps to ensure that the other entity orients faculty and students to safety procedures for that facility.

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



Community College of Philadelphia  
**PROPOSED** Internal Audit Plan - July 1, 2018 to June 30, 2020

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage
<b>Financial Audits</b>				
Colonial One Card	L	Determine controls over prepaid card program	2020	
Check Requests - Vendors	L	Verify controls for payments to vendors	2019	
Check Requests - Employees	L	Verify controls for reimbursements to employees	2019	
Purchasing Cards	M	Determine compliance with purchasing card policies	2020	
403(b) Transactions *	L	Determine controls over payments to retirement savings vendors	2020	
<b>Operational Audits</b>				
403(b) Administration *	L	Determine controls over employee requests related to retirement savings	2020	
Part-Time Faculty Medical Benefits	L	Determine controls and accuracy of only benefit funded entirely by staff	2019	
Pell Grants - Appeal Process for Academic Progress	M	Determine compliance with requirements	2019	2
Veterans' Resource Center	M	Compliance with Veterans' Education Benefits Laws	2020	
<b>Compliance</b>				
50th Anniversary Scholarship Program	M	Determine compliance with requirements	2019	
Family Educational Rights and Privacy Act	M	Compliance with FERPA regulations	2019	2
State Recruiting Regulations	M	Determine compliance with regulations / restrictions	2020	
Family Medical Leave Act	L	Determine compliance with policies, procedures and regulations	2019	

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**PROPOSED** Internal Audit Plan - July 1, 2018 to June 30, 2020

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage
Residency Verification	L	Compliance with procedures and controls to pay tuition based on residency	2020	
Forgivable Loans	L	Compliance with procedures and controls for such loans	2020	
Clery Act	M	Compliance with law and required disclosures	2019	1
IT Audits				
Non-ITS Administered Software Programs	M	Determine adequacy of administration controls	2019	4
Network Security	L	Determine adequacy of controls for systems access	2020	
<b>Administrative</b>				
Follow Up on Prior Issues			Ongoing	
Committee Meetings (Grants, Data Breach, EMT, external audits/reviews)			Ongoing	