

**MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Tuesday, March 26, 2019 – 12:00 Noon**

Present: Mr. Anthony J. Simonetta, Mr. Jeremiah White, Mr. Jacob Eapen, Mr. Gim Lim, Mr. Jim Spiewak, Dr. Judith Gay, Mr. Robert Lucas, Victoria Zellers, Esq.; and representing Grant Thornton: Mr. Scott Steffens (via telephone), Ms. Angelica Roiz and Mr. Larry Ladd

Not Present: Donald Generals, Ed.D, Ms. Suzanne Biemiller, Mr. Matthew Bergheiser, and Mr. Anthony B. Scott presenting the Meridian Group

AGENDA – PUBLIC SESSION

Meeting Called to Order

Mr. Simonetta called the meeting to order and congratulated Ms. Angelica Roiz on her promotion to Partner at Grant Thornton. Ms. Roiz was formerly the Audit Senior Manager assigned to our account for the past several audits.

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

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

(2) 2017-2018 Uniform Guidance Report (Action Item):

Mr. Scott Steffen informed the Committee that he is assisting with the transition from Mr. Brian Page, the former engagement partner to Ms. Angelica Roiz. Ms. Roiz 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. Student Financial aid tests included various compliance and eligibility testing. Ms. Roiz then reviewed the results of the 2017-2018 Uniform Guidance Audit, using the draft audited financial statements and supplementary information in Attachment B to these minutes. She informed the Committee that the supplementary audit begins on page 69. Pages 1 to 68 were already presented at the previous Audit Committee meeting in September. She explained that while the audit is a compliance audit, which examines Federal Funding, the focus was on student financial aid since \$74 million of the total \$77 million federal expenditures were on the student financial aid cluster. She indicated that Pages 69-70 of the report provides a schedule of the College's federal awards

expenditures. Ms. Roiz reported that the College continues to have no material weaknesses or significant deficiencies as well as no issues of non-compliance as indicated on page 72. The College continues to be a low-risk auditee.

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

Action: Mr. Simonetta asked for a motion to recommend acceptance of the June 30, 2018 Uniform Guidance Audit Report. Mr. White made the motion. Mr. Simonetta seconded the motion. The motion passed unanimously.

(3) President's Reimbursement Report (Action Item):

The Committee was asked to review and accept the Agreed-Upon Procedures Report (Attachment D) relating to the President's Employment Contract on expense reimbursements. Mr. Simonetta asked whether the work performed was sufficient to satisfy the requirements of the President's Employment Contract. Mr. White said it was.

Action: Mr. Simonetta asked for a motion to recommend acceptance of the June 30, 2018 Agreed-Upon Procedures Report. Mr. White made the motion. Mr. Simonetta seconded the motion. The motion passed unanimously.

(4) Higher Ed Insight (Information Item):

Mr. Larry Ladd, Higher Education Specialist from Grant Thornton provided an update on the state of higher education (Attachment E). He noted that total enrollment was flat or down over the past 5-6 years but when looking by sector, the decline was highest in the for profit sector. The decline in enrollment amongst community colleges was by a smaller degree. When asked about future enrollments at community colleges, he indicated that he was optimistic. He sees community colleges filling the voids left by high schools including providing vocational education. He mentioned that there is no evidence that higher expenditures produces better outcomes. He commented on the political environment, HBCUs, Higher Education Act reauthorization, changes in student demographics, student debt, faculty diversity, risk-sharing proposals and IT issues. He commented on using data analytics to track retention, determining appropriate time to intervene and improve student success. He reviewed the results from the survey of community college Presidents. Mr. White commented that a challenge for the College is how to manage affordability.

Mr. Ladd recommends negotiating with four-year colleges to implement pre-packaged transfer programs to increase enrollment. He does not recommend relying on international students for growth. International student enrollment is either flat or down and is no longer a source of growth in his opinion.

(5) Internal Audit Update (Information Item):

Mr. Lucas provided an update on the 2018-2020 Internal Audit Plan (Attachment E). He provided a copy of a summary report of activities since the last Audit Committee meeting. Mr. Lucas stated that there were a number of audits and reports in various stages of progress and closing. He noted that there were several reports that included comments and recommended actions with which management had a difference of opinion related to the perceived risks or action plans, some of which they had provided alternate action plans. Mr. Lucas stated that he was working with those managers to resolve these differences so that outstanding draft audit reports can be issued in their final format.

Mr. Lucas stated that there has been some thought and discussion with senior management to establish an internal audit advisory group. Such a group may be helpful in arbitrating differences of opinion between Internal Audit and management. Mr. Lucas explained that the group could evaluate the different positions and make recommendations to the President for his consideration and decision. If Internal Audit continues to believe the risk would not be mitigated by management's actions, or that management was electing to accept the risk within its operations, Mr. Lucas noted that, in accordance with internal audit standards, he would report the item to the Audit Committee for their information and, if they choose, discussion with Internal Audit and management.

Mr. Lucas noted that he has had discussions with Dr. Gay and President Generals in regards to establishing this group. He will provide an update to the Audit Committee about formation of this group at the next Audit Committee meeting.

The Audit Committee members also requested that Mr. Lucas meet with the Chair of the Audit Committee before the next meeting to provide a timelier update of the status of establishing the advisory group and any progress that has been made to resolve outstanding audit concerns and allow issuance of final audit reports. Mr. Lucas agreed and will meet with the Chair in the near future.

Mr. Lucas also informed the Committee that, with several upcoming opening meetings, all of the audits on the 2018-2020 Internal Audit Plan scheduled for the 2018-2019 school year will be in progress, or have a draft report issued to management.

Mr. Lucas also provided a brief summary of the status of the Internal Audit Follow Up Matrix, which had been sent to the members in advance. 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 eight of the action plans were shaded indicating the actions to be taken by management has been completed since the last meeting. Mr. Lucas also noted the comments and recommended actions for several draft audit reports were included in the matrix to help ensure the Audit Committee was aware of findings in outstanding reports without responses.

Lastly, Mr. Lucas noted that he would be modifying the matrix with color highlighting to help direct the attention of the Audit Committee to those action plans that are completed, in progress, not in progress, or long outstanding.

(6) Next Meeting:

The next meeting of the Committee will be in June 2019 at which time Grant Thornton will discuss their proposed Audit Plan for the 2018-2019 Fiscal Year.

EXECUTIVE SESSION

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

GSL/lmh
Attachments

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

ATTACHMENT A

**Minutes from September 28, 2018
Audit Committee Meeting**

**MEETING OF AUDIT COMMITTEE
Community College of Philadelphia
Friday, September 28, 2018 – 10:00 a.m.**

Present: Mr. Anthony J. Simonetta, Mr. Jeremiah White, Donald Generals, Ed.D., Ms. Suzanne Biemiller (via telephone), Mr. Jacob Eapen, Mr. Gim Lim, Mr. Robert Lucas, Victoria Zellers, Esq.; and representing Grant Thornton: Mr. Brian Page (via telephone), Ms. Angelica Roiz and Ms. Dianne Arsenault.

Not Present: Mr. Matthew Bergheiser, Mr. James P. Spiewak, and presenting the Meridian Group: Mr. Anthony B. Scott

AGENDA – PUBLIC SESSION

1. Approve Minutes of Audit Committee Meeting on June 21, 2018 (Action Item):

Action: Mr. Simonetta asked for a motion to approve the June 21, 2018 Audit Committee meeting minutes (Attachment A). Ms. Biemiller made the motion. Mr. White seconded the motion. The motion passed unanimously.

2. 2017-18 Fiscal Year Audit Report (Action Item):

Attachment B and Attachment C contain audit results for the 2017-2018 fiscal year made by Mr. Brian Page, Engagement Partner; Ms. Angelica Roiz, Senior Manager; and Ms. Dianne Arsenault, Manager from Grant Thornton. Mr. Simonetta requested Mr. Page to provide a walk-through of the draft financial statements so the Committee Members can get an appreciation for what is included. Mr. Page began the discussion by apologizing for the delay in providing a draft of the statements to the Committee Members noting the additional time required on both sides to prepare the draft. The adoption of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions was noted on the Report of Independent Certified Public Accountants section. The College elected a single year presentation of the financial statements since it was the first year of the adoption.

Mr. Page proceeded to provide an overview of the Statement of Net Position. New this year was the bond proceeds of \$16 million, which was appropriately classified under Noncurrent assets as required by GASB. Capital assets decreased slightly as depreciation exceeded acquisition of new assets. Deferred outflows of resources decreased by about \$900,000 from the loss of debt refinancing. Mr. Jacob noted the College would, however, experience overall savings over time from the refunding after taking the loss into consideration. Mr. Page noted that current liabilities were consistent with the previous year. Mr. White asked for clarification on the unearned revenue item. Mr. Page explained it included mainly tuition and grants. He continued to highlight long-term debt increasing by about \$8 million and unamortized bond premium increasing by \$1.4 million. The increase in deferred inflows resulted primarily from the adoption of GASB 75. Mr. Simonetta asked whether our rating agency has been notified of the impact of GASB 75.

Mr. Eapen mentioned that Moody's was briefed during discussions related to the 2018 bond issue. Ms. Biemiller asked whether management had determined at what point in time the payment of the Other Postemployment Benefits (OPEB) liability would become a major challenge.

Mr. Page mentioned that the College has a "pay as you go" plan and the expenses will increase as more eligible employees retire. Mr. Eapen added that the postemployment benefits are covered by the Rule of 77 in the Collective Bargaining Agreement. Revenues from tuition and fees increased slightly due to the \$6 per credit tuition increase during the year. Expenses were lower than the previous year mainly from instructional and miscellaneous savings. Capital appropriation increased due to the College's decision to apply more of the City's appropriation to capital instead of operating funds. When asked by Mr. Simonetta, Mr. Eapen confirmed that once the decision is made to apply the City's appropriation to capital, it could not be reversed. Mr. Page continued the walk through the financial statements covering deposits and investments, accounts receivables, allowance for doubtful accounts, capital assets, debt and noted that the College's ending cash position improved by about \$1 million. On the question of service cost in Note H., Mr. Page explained that was the OPEB expense computed by our actuaries. A brief discussion was held related to the interaction between the College's and Grant Thornton's actuaries, wherein Ms. Roiz indicated the Grant Thornton actuaries were comfortable with the assumptions used in the calculation of the OPEB liability. On the Supplementary Information section, Mr. Page informed the Committee of the additional disclosures required by GASB 75. Mr. White had a question on the ratio between short-term investments versus long-term investments. Mr. Page mentioned that while it was not in their area of review, he believes it was not far off from the industry.

With no further questions on the financial statements, Ms. Roiz proceeded with the 2018 Audit Wrap-Up Presentation. She proceeded reviewing communications, roles and responsibilities for the financial statements including the auditors, the Board (and Audit Committee).

Ms. Roiz then discussed the audit timeline, scope and areas of significant risk. Specifically, Grant Thornton considered GASB 75 as a significant risk and appropriately engaged their internal actuarial service group to review the assumptions, discount rates and the general work performed by Clarity in Numbers, the actuaries engaged by the College. Grant Thornton also tested the data the College provided to Clarity in Numbers to ensure completeness and accuracy.

Ms. Arsenault then provided an overview of other areas of focus and the use of technology support as part of the audit process. Their area of focus were systems related to output of the financial reports. Further discussions on system controls were moved to Executive Session.

Mr. Page then selected two upcoming pronouncements from the presentation for discussion. GASB 83 relates to certain asset retirement obligations. As an example, Mr. Page mentioned that GASB 83 does not cover existing asbestos unless the College is performing renovations or remediation. GASB 87 will require the College to capitalize leases. The College will recognize a lease liability and an intangible right-to-use lease asset. GASB 87 will replace the current practice of classifying leases as 'operating' or 'capital' based on certain tests. On the industry outlook, Mr. Page mentioned that Moody's outlook has shifted to 'Negative' from two years of 'stable'. The reasons for the shift were listed on the handout. There was a brief discussion on regulatory changes affecting enrollment and work force development. There were no further questions.

Action: Mr. White made a motion to recommend to accept all of the 2017-2018 Grant Thornton Financial Statement Audit to the full Board of the College. Ms. Biemiller seconded. The motion passed unanimously.

*Please note that the 2017-2018 Financial Statements are appended separately to the minutes.

3. Internal Audit Plan (Information Item):

Mr. Lucas provided a report on the status of the 2016-2018 Audit Plan and an update on the 2018-2020 Internal Audit Plan. He provided a copy of a summary report of activities since the last Audit Committee meeting. Mr. Lucas stated that, since the last meeting, he had issued two draft audit reports, is working on another audit, and noted two other audits for which he expects to complete the audit work by the end of the year.

Mr. Lucas also informed the Committee that the proposed 2018-2020 Internal Audit Plan he had provided to them at the June 2018 meeting had been approved by senior management. He had included a copy of the approved Internal Audit Plan in the advance materials sent to the Committee Members. Mr. Lucas noted that the approved version was the same as the proposed one with the exception of a timing change for two of the audits listed in the plan.

Mr. Simonetta asked Mr. Lucas if he considers the cyber-related risks to the College within the planning and performance of the internal audits. Mr. Lucas noted that there are usually several IT internal Audits on the audit plan each period and that management is well aware there are constant risks related to the IT environment, as there are across all colleges and all companies. Mr. Lucas noted that the recent audits of the Emergency Operations Plan and the Disaster Response and Recovery Plan included findings related to the College's plans for responding to cyber-attacks.

Mr. Lucas also provided a brief summary of the status of the Internal Audit Follow Up Matrix, which also had been sent to the members in advance. 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 two of the action plans were shaded indicating the actions taken by management that had been completed since the last meeting. Mr. Lucas had noted earlier in the meeting that the comments and actions in the issued draft audit reports would be added to this matrix as soon as the audit reports were finalized with management responses.

The Public Session of the Audit Committee meeting was then adjourned.

4. March 2019 Meeting Date (Information Item):

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

EXECUTIVE SESSION

An Executive Session was held with Audit Committee, the College staff and the independent auditors in attendance. The Committee also met separately with the Internal Auditor and separately with the independent auditors.

GSL/lh
Attachments

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

ATTACHMENT C

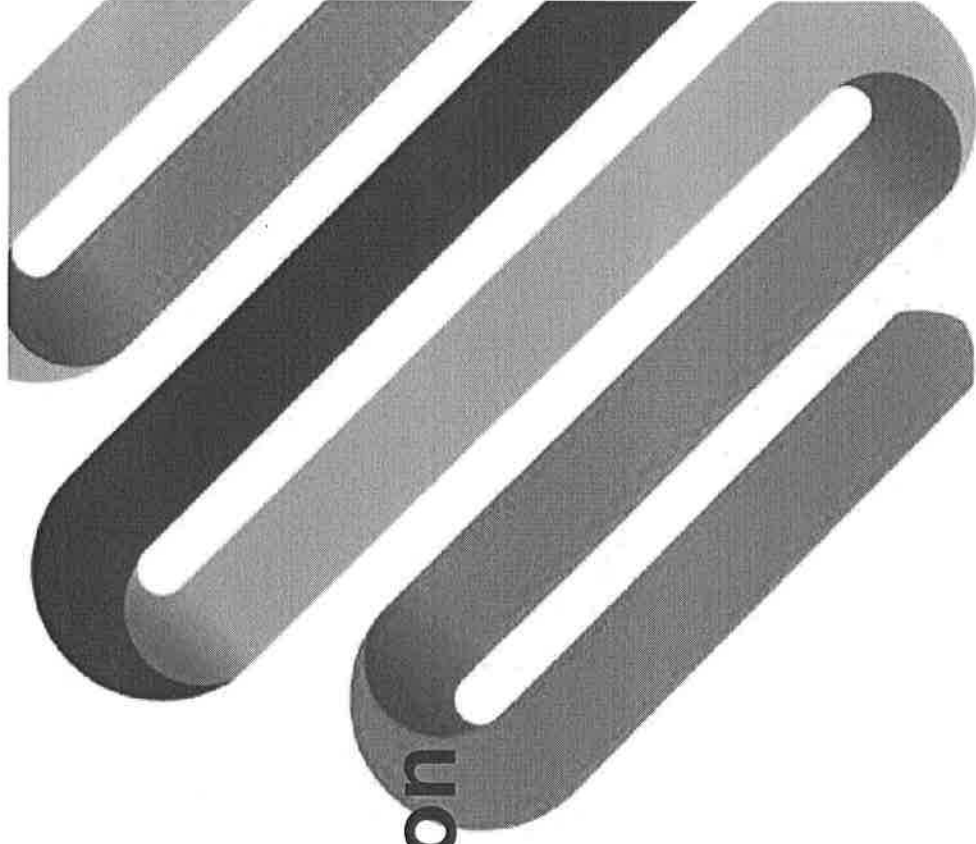
**Grant Thornton's
2018 Audit Presentation & Discussion**



2018 Audit Presentation and Discussion

**Community College of
Philadelphia**

March 26, 2019



Materiality

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

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

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



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Areas of Focus for Single Audit

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

Major program	2018	2017	2016
Student financial aid	X	X	X
Career & technical education – basic grants to states (CFDA 84.048)			X



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Significant risks and areas of focus

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

Areas of focus	Results
Compliance with Uniform Guidance	Perform compliance and controls procedures in accordance with the Uniform Guidance Requirements, including: • Planning, identification of major federal programs and risk assessment. • Reviewing the respective federal compliance supplements and, as applicable, the specific grant/award agreements and documenting the applicable compliance requirements. • Documenting/updating internal controls over compliance for each of the respective major federal program(s) or cluster(s). • Testing compliance and internal controls over compliance for each direct and material compliance requirement over each major federal program. • There are 12 compliance requirements for each major program. Of these, typically 6-8 have been direct and material to each major program or cluster. • Consistent with prior years, we audited compliance associated with the federal Student Financial Assistance (SFA) Cluster. • Required to test a minimum of 40 items for larger populations (250 transactions or more) or at least 10% of smaller populations for each direct and material compliance requirement. That is, 40 items for compliance and 40 items for controls. Dual purpose testing was employed whenever possible. • Testing the reconciliation of the schedule of expenditures of federal awards to the respective amounts included within the basic consolidated financial statements.



Significant risks and areas of focus - continued

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

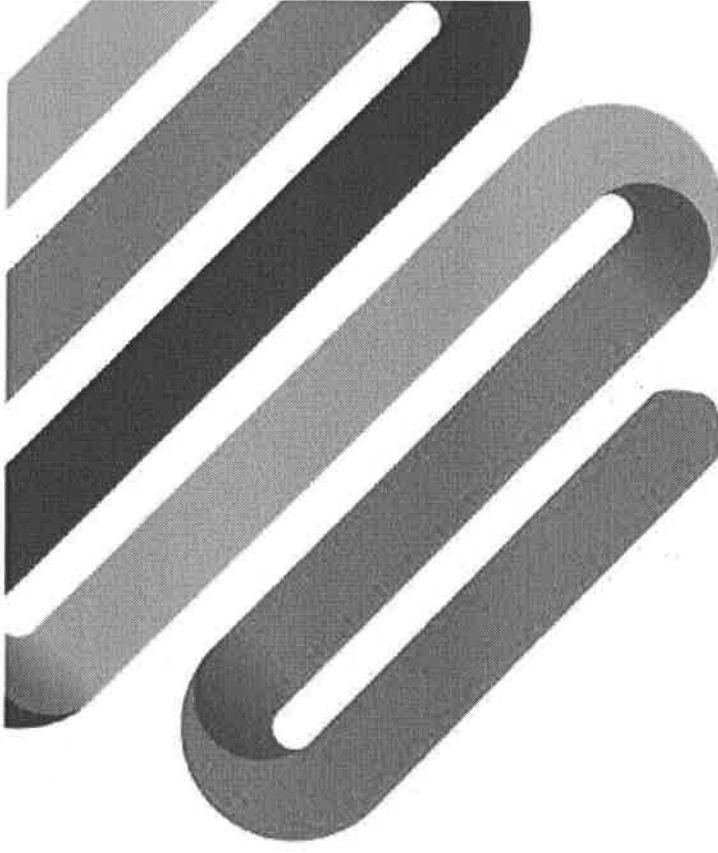
Areas of focus	Results
Compliance with Uniform Guidance (continued)	• Assessing completeness of disclosures related to the federal schedule of expenditures. • Rendering respective independent auditor opinions. • Preparing the appropriate sections of the federal Data Collection Form submitted to the Federal Audit Clearinghouse.





Audit Wrap Up Presentation

Technical Updates – GASB



Selected pronouncements effective for the year ending June 30, 2019 or subsequent periods - GASB

Title	Effective date
GASB 83 - Certain Asset Retirement Obligations	Periods beginning after June 15, 2018
GASB 84 - Fiduciary Activities	Periods beginning after December 15, 2018
GASB 87 - Leases	Periods beginning after December 15, 2019
GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements	Periods beginning after June 15, 2018
GASB 89 - Accounting for Interest Cost Incurred before the end of a Construction Period	Periods beginning after December 15, 2019



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GASB Statement 83, Certain Asset Retirement Obligations

Summary	Potential impact
- Objective is to develop requirements on recognition and measurement for asset retirement obligations (ARO), other than landfills (GASB 18) or pollution remediation obligations (GASB 49), such as nuclear power plants and sewage treatment facilities - The pronouncement addresses the following: - Establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources when a governmental entity has a legal obligation to perform future asset retirement activities related to its tangible capital assets - Proposes capitalization of the ARO as a deferred outflow of resources, to be amortized in a systematic and rational manner (such as the straight-line method), generally over the life of the related asset giving rise to the obligation - Requires disclosures regarding governmental entity legal requirements to provide funding or other financial assurance for their performance of asset retirement obligations (e.g., how are those requirements being met) as well as nature and timing of AROs, method used to determine the estimated liability and useful life of the associated tangible asset - Effective for periods beginning after June 15, 2018.	Similar to the efforts Universities underwent when adopting GASB 49, management should inventory any activity whereby there is a related obligation to dispose of certain assets subject to regulatory and legal requirements. With that list, management must calculate the expense of that effort and track it annually. The effort to inventory these assets/costs may require input from facilities and potentially other areas of the University and the process to estimate costs of future events may also require assistance from facilities and other departments.

GASB Statement 84, *Fiduciary Activities*

Summary	Potential Impact
- Guidance addresses the following: - The categorization of fiduciary activities for financial reporting - How fiduciary activities are to be reported - When liabilities to beneficiaries must be disclosed - Types of fiduciary funds that must be reported include the following: - Pension (and other employee benefit) trust funds - Investment trust funds - Private-purpose trust funds - Custodial funds - A government controls the assets of an activity if it holds the assets or "has the ability to direct the use, exchange or employment of the assets in a manner that provides benefits to the specified or intended recipients" - Fiduciary activities must be disclosed in the basic financial statements of the government entity and a statement of fiduciary net position and changes in fiduciary net position should be presented (unless the period of custody is less than three months). - Effective for periods beginning after December 15, 2018, with early adoption encouraged.	Universities often will agree to act as a fiduciary for certain third party organizations that might be somehow affiliated to the university (such as student clubs, alumni clubs, or other such organizations). Under this new requirement, the University must report the fiduciary activity on its financial statements, where it may not have done so in the past. Management should identify which fiduciary activities it is engaged in to inventory the relationships which may need to be reported. Management may want to consider changing the terms of the relationships such that they are not subject to reporting on the financial statements of the University when the requirement becomes effective.



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GASB Statement 87, Leases

Summary

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



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GASB Statement 87, Leases (continued)

Summary, continued

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

Potential Impact

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



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GASB Statement 88, *Certain Disclosures Related to Debt*

Summary	Potential Impact
- Improves consistency of information presented in the footnotes with respect to long-term debt, and to distinguish it from other long-term liabilities in applying disclosure requirements. - New guidance defines debt as "a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of payment of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established". - In addition to the existing debt disclosures, universities should disclose the following about all types of debt: - Amount of unused lines of credit - Assets pledged as collateral for debt - Terms specified in debt agreements related to significant events of default or termination events with finance-related consequences, as well as any subjective acceleration clauses - Direct borrowings and direct placements of debt should be distinguishable from other types of debt for all disclosures. - Effective for periods beginning after June 15, 2018. Changes to adopt this standard should be applied to all periods presented within the footnotes.	Depending on the amount of information currently disclosed as it relates to debt, higher education institutions may find themselves having to augment existing footnotes to comply with the standard, specifically as it relates to direct borrowings, lines of credit, and other debt instruments.



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

Summary	Potential impact
• This Statement improves financial reporting by providing users with more relevant information about capital assets and the cost of borrowing, and enhancing comparability of information for both governmental activities and business-type activities. • Financial statements prepared using the economic resources measurement focus: • Interest cost should be recognized as an expense in the period incurred. • Financial statements prepared using the current financial resources measurement focus: • Interest cost should be recognized as an expenditure consistent with governmental fund accounting principles. • Effective for periods beginning after December 15, 2019, with early adoption encouraged. Changes to adopt this standard should be applied prospectively at adoption.	Universities may have varying amounts of interest incurred during periods of significant construction. With the implementation of this new guidance, complex calculations of interest to be capitalized will no longer be required, thus simplifying accounting requirements. The new accounting accelerates the expense impact for the construction period, which should be considered when preparing budgets for future periods.



GASB projects

Project	Timing
Financial Reporting Model- Reexamination of Statements 34, 35, 37, 41 and 46, and Interpretation 6	Preliminary Views comment period ended February 2019, planned issuance of final standard in 2022.
Revenue and expense recognition	Preliminary Views expected in May 2020 (currently in redeliberations)
Recognition (conceptual framework)	Preliminary Views comment period ended February 2019, planned issuance of final Concepts Statement in 2022.
Conduit Debt- Reexamination of Interpretation 2	Final statement expected May 2019
Deferred Compensation Plans – Reexamination of Statement 32	Deliberations scheduled to begin April 2019, Exposure Draft expected June 2019
Public-private partnerships, including reexamination of Statement 60	Exposure Draft expected June 2019
Implementation Guide- GASB 84 (Fiduciary Activities)	Final Implementation Guide expected May 2019
Implementation Guide- GASB 87 (Leases)	Final Implementation Guide expected June 2019



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GASB major project – Financial Reporting Model

Summary

- GASB is revisiting its reporting model established in GASB 34 and 35, as well as other GASB standards, following the FASB project to revisit the reporting model of NFP entities.
- Although there is general consensus that most of the components of the financial reporting model are effective, the Board determined that there is a need to update guidance related to several categories, focusing on the following:
 - MD&A
 - Government-wide financial statements
 - Major funds
 - Governmental fund financial statements
 - Proprietary fund and business-type activity financial statements
 - Fiduciary fund financial statements
 - Budgetary comparisons
- Preliminary Views of note for colleges and universities (Preliminary Views was issued in September 2018):
 - Definition of non-operating activities includes i) subsidies received and provided, ii) revenues and expenses of financing, iii) resources from the disposal of capital assets and inventory and iv) investment income and expenses
 - A subtotal for "operating income/(loss) and noncapital subsidies"
 - Government-wide schedule of natural classification of expenses would be presented as supplementary information (BTA activities by segment)



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GASB major project – Financial Reporting Model, continued

Potential impact

Similar to the significant impact on reporting and disclosures when GASB 34 and 35 were issued, this proposed guidance could have sweeping effects on the reporting and disclosures by public colleges and universities. Depending on how much the GASB looks to what was done by the FASB on the NFP reporting model, there could be an increase in comparability between the two types of entities that currently use very different reporting models.

Three of the business type activities issues that the GASB is considering that are particularly relevant to public universities are guidance on the operating indicator, MD&A and extraordinary and special items. Based on comments made by GASB representatives, one of the preliminary views is to present a subtotal for "operating income/loss and noncapital subsidies", which includes state appropriations. This is an accommodation to the request by many constituents to include state appropriations as an operating revenue, which will not be changed based on preliminary views. In addition, the addition of a separate schedule of expenses by natural classification will highlight certain expenses that may receive additional scrutiny such as salary/compensation expense. Depending on the ultimate guidance, universities may want to think about how the reporting of these expenses will be captured to be accurately reported in the financial statements.



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GASB major project – Revenue and Expense Recognition

Summary	Potential impact
- Three primary areas of focus of the project are as follows: - Common exchange transactions not specifically addressed in existing GASB guidance - Project plans to develop guidance or improve existing guidance regarding - Exchange and exchange-like transactions having single elements - Exchange and exchange-like transactions having multiple elements - The differentiation between exchange-like and non-exchange transactions - Post-implementation review of GASB 33 and 36 - Areas to be considered include: - Distinguishing between eligibility requirements and purpose restrictions - Determining when a transaction is an exchange or a non-exchange transaction - Using the availability period concept consistently across governments - Applying time and contingency requirements - Development of GASB conceptual framework - GASB 33 and 36 were developed prior to key parts of the conceptual framework, such as defining deferred inflows and outflows - An evaluation of the recognition of non-exchange transactions against the conceptual framework is necessary - Currently in redeliberations, with Preliminary Views expected in May 2020.	As it relates to recognition of exchange and non-exchange transactions such as grants vs gifts vs contracts, there continues to be an element of judgment and interpretation of existing GASB and FASB guidance. This project could impact the current practices of higher education institutions as it relates to revenue recognition.



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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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ATTACHMENT D

Agreed-Upon Procedures

June 30, 2018

Agreed-Upon Procedures

Community College of Philadelphia

June 30, 2018



Grant Thornton

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Report of Independent Certified Public Accountants

Audit Committee
Community College of Philadelphia

We have performed the procedures enumerated below, which were agreed to by management of the Community College of Philadelphia (the College), based on criteria as outlined within Section 3.9 of the President's employment agreement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our findings are as follows:

- 1) Obtain a listing of President's expenses during the period July 1, 2017 through June 30, 2018

We noted a total of 122 individual expense transactions during the stated period.

- 2) Select a random sample of 10% of the population of President's expenses during the referenced time period

We selected a random sample of 13 individual expense transactions for testing.

- 3) Vouch expenses to supporting documentation as follows:

- a. Verify that the purchasing card log was signed by Donald Generals, President, and approved by Jacob Eapen, VP of Business & Finance.
- b. Verify that the expense agrees to an itemized receipt and is consistent with the nature of reimbursable expenditures per Section 3.9 of the President's employment agreement.

We found each of the selected expense transactions to be in agreement with detailed, itemized receipts and consistent in nature with reimbursable expenses under the President's employment agreement. Each of the selected expense transactions was appropriately signed by Donald Generals, Ed.D. and approved by Jacob Eapen, VP of Business & Finance.

We selected the following records:

	Date	Vendor Name	Description	Type of Expense	Expense Amount
1	2/14/2018	Marriott Marquis Washington	Hotel Fees while attending National Legislative Summit in DC 2/11-2/14 - M. Soileau	Institutional	\$ 695.84
2	10/12/2017	PPRA	Ticket for PPRA Event for Donna Richmond	Institutional	50.00
3	2/6/2018	Amtrak	Amtrak ticket for Trustee White to attend the National Legislative Summit in DC 2/11-2/14	Institutional	311.00
4	1/10/2018	Greater Philadelphia Chamber	Ticket for Dr. Generals to attend the Chamber's Economic Outlook 2018 Event	Miscellaneous	70.00
5	10/26/2017	Elephant & Castle, Seattle	Meal during Pathways Project Institute	Meals/Tips	27.31
6	3/22/2018	American Airlines	Flight for Dr. Generals to attend AACC Convention in Dallas, TX, 4/29-5/1	Transportation	414.60
7	8/16/2017	ACCT	Registration Fee for ACCT Leadership Congress 9/25-28/2017 for Roz McPherson	Institutional	1,185.00
8	10/26/2017	Motif Seattle	Hotel stay during Project Institute for Dr. Generals	Lodging	278.23
9	3/26/2018	Amtrak	Amtrak ticket for Dr. Generals to attend the Commission Meetings & Lobby Day in Harrisburg, 4/9-4/10	Transportation	66.00
10	8/16/2017	American Airlines	Flight to ACCT Leadership Congress 9/25-28/17 in Las Vegas for Dr. Generals	Transportation	655.40
11	11/13/2017	Notaries.com	Notary Renewal for Josephine DiGregorio	Institutional	220.95
12	9/26/2017	Hexx Kitchen	Dinner with Trustees while at the ACCT Leadership Congress 9/25-9/28	Meals/Tips	151.50
13	11/28/2017	Amtrak	Train ticket from NY for Dr. Generals for the PA Society Weekend, 12/1-12/3	Transportation	95.00

This report is intended solely for the information and use of management and the Audit Committee of the Community College of Philadelphia and the Commonwealth of Pennsylvania Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Philadelphia, Pennsylvania

February 19, 2019

ATTACHMENT E

**Grant Thornton's
Higher Ed Industry Insight**



Industry update Community College of Philadelphia March 26, 2019

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Guidance on important emerging developments and challenges

Articles in the 2019 report

- Plan your response to the inevitable data breach
- Supporting students with mental health challenges
- Administrative alchemy for superior outcomes
- Effecting greater change through data analytics
- Interrelated entities: Form following function?
- Using artificial intelligence to transform operations
- The evolving role of ethics and compliance
- Employ nontraditional approaches to fill talent gaps
- Imagine a future with national universities



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Key themes in 2019



Good news:

- Colleges and universities are holding steady, with flat or modest revenue increases accompanied by warning signs
- Decline in for-profit competition
- Focus on low-income student success
- Focus on retention



Not so good news:

- No prospects of increasing public appropriations
- Affordability limits access and retention
- Demographics worrisome in East and Midwest
- Washington won't come to the rescue



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Brookings Institution Top Six Trends

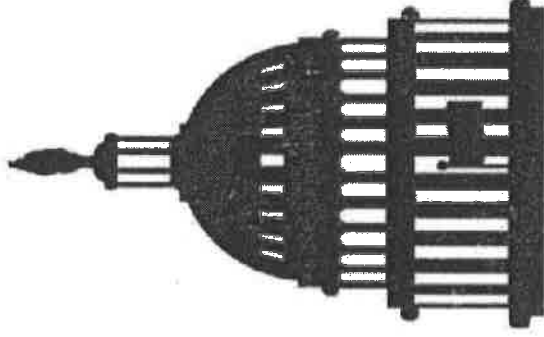
BROOKINGS

- Online education increasingly accepted option
- Competency-based education (CBE) lowers costs and reduces completion time for students
- Income Share Agreements (ISAs) help students reduce the risk associated with student loans.
- Online Program Manager (OPM) organizations benefit both universities and nontraditional, working-adult students.
- Enterprise training companies are filling the skills gap by working directly with employers.
- Pathway programs facilitate increasing transnational education, which serves as an additional revenue stream for universities.



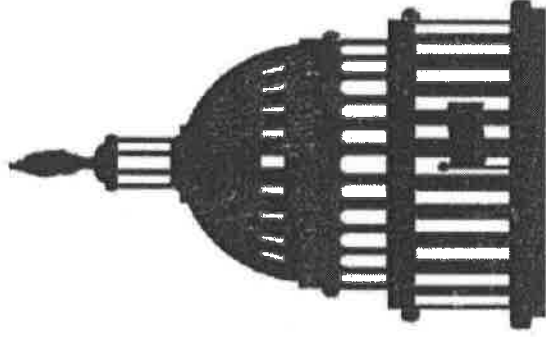
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Washington Update



- Prospects for Congressional action on higher education policy remain low
- Regulatory action by Department of Education will continue
 - Proposed Title IX overhaul
 - Reduced regulation of for-profit sector
- Negative views of globalization will continue to hurt international student enrollment and scholarly exchanges
 - Intent of administration to end DACA (held up by court challenges)

Washington Update



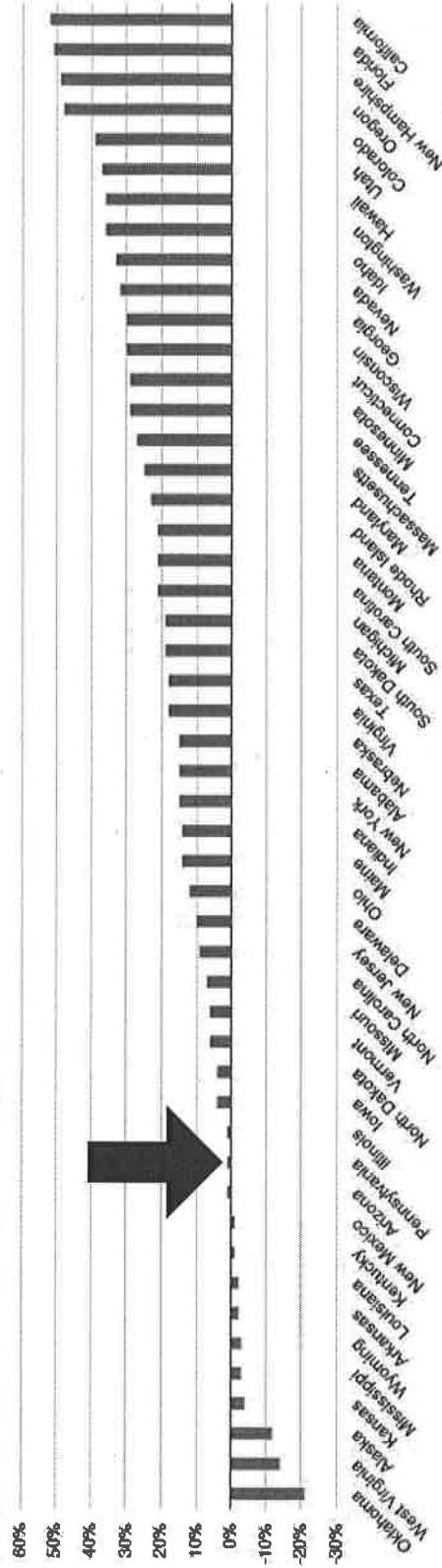
- Reauthorization of Higher Education Act possible (both House and Senate have scheduled hearings, for instance)
- Changes with best chance:
 - Simplification of FAFSA (108 questions to 15)
 - Income-based loan repayment

Changes in support vary significantly by state

MOODY'S

Exhibit 4

State funding trends vary greatly, emphasizing areas of greater credit challenges for public universities
State higher education funding five-year % change, fiscal 2013-18



Sources: Illinois State University Grapevine Data, Moody's Investors Service



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What trustees say

What are your top three concerns about the future of higher education in the U.S.? (by sector)*

Public	Independent, non-profit	Private, for-profit
1. Price of higher education for students and their families (53%) 2. Decrease in state funding for higher education (40%) 3. Financial sustainability of higher education institutions (33%)	1. Price of higher education for students and their families (58%) 2. Financial sustainability of higher education (54%) 3. Student debt (34%)	1. Price of higher education for students and their families (63%) 2. Financial sustainability of higher education (45%) 3. Student debt (40%)

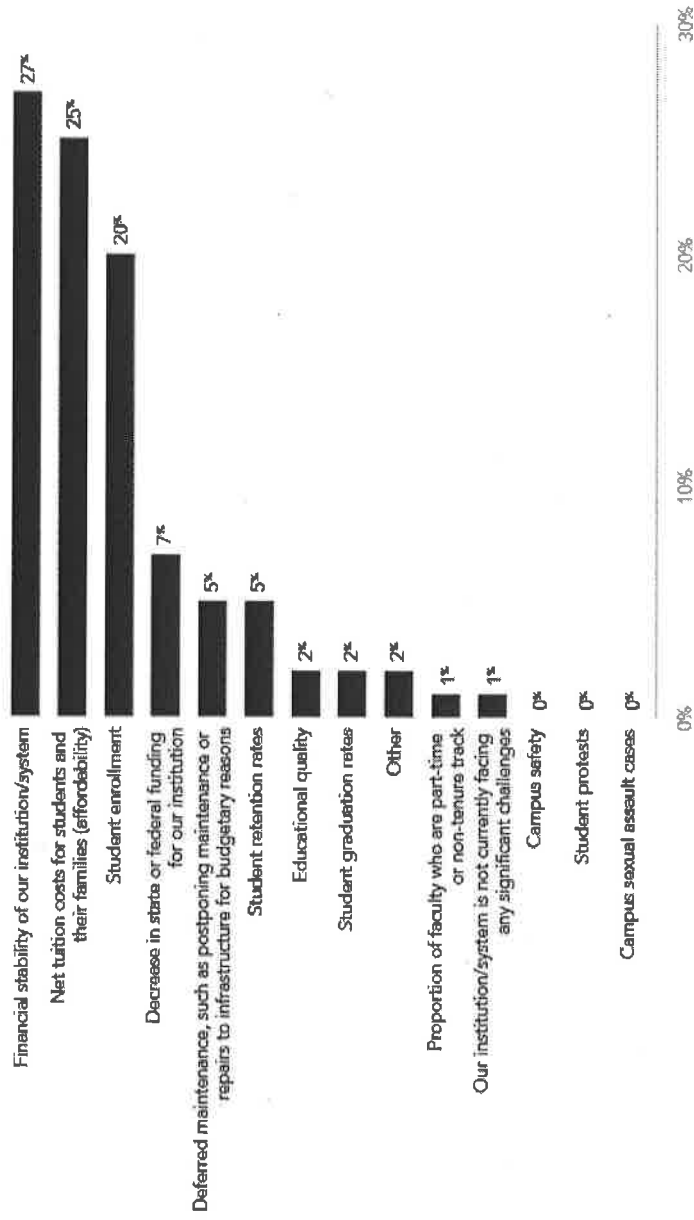
*Percentages do not total 100% because respondents could select up to three concerns.

Trustees see **affordability and institutional sustainability** as the top issues for the industry



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In your opinion, what is the most significant challenge, if any, currently facing your institution/system?



But see financial stability as the top issue for their institution, then affordability



What presidents say

"Confident my institution will be financially stable"?

Over five years...

63%

All institutions "agree or
"strongly agree"

62%

Public institutions "agree or
"strongly agree"

61%

Nonprofit private colleges
"agree or "strongly agree"

Over ten years...

53%

All institutions "agree or
"strongly agree"

47%

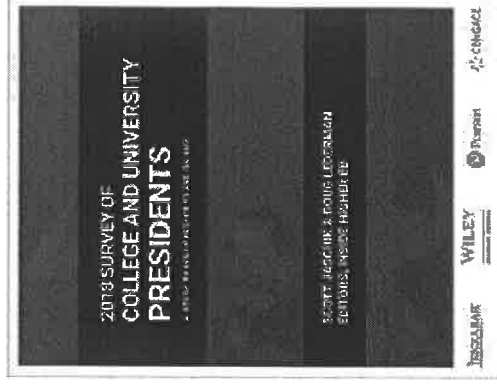
Public institutions "agree or
"strongly agree"

57%

Nonprofit private colleges
"agree or "strongly agree"



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

84%

Elite private
universities

89%

Elite private
colleges

68%

Public flagship
universities

13%

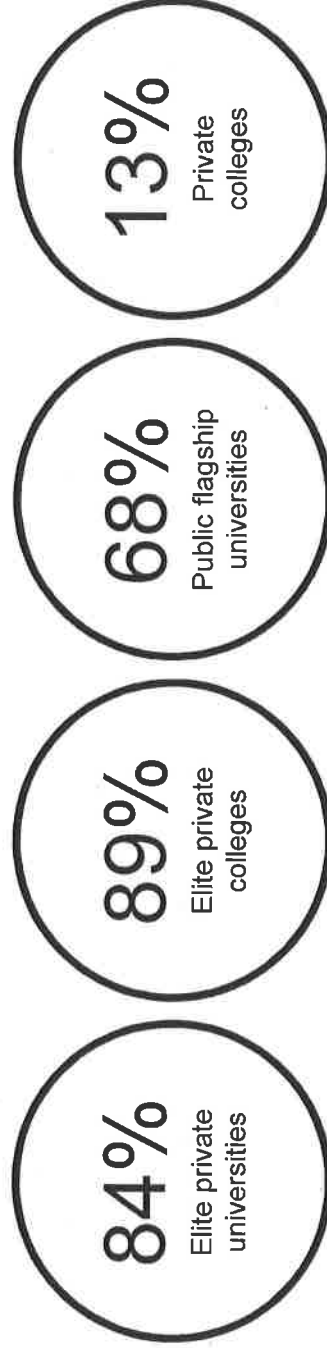
Private
colleges

Private tuition dependent colleges see themselves as most at risk!

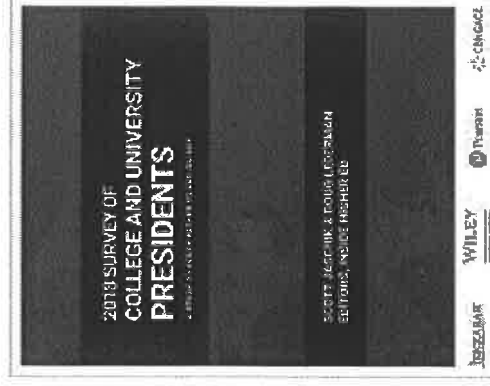


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"Confident my institution will be financially sustainable stable over ten years"

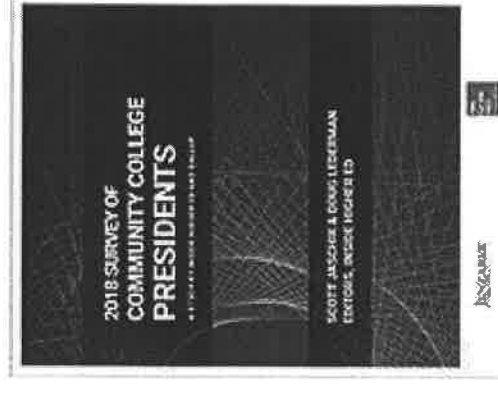


Private tuition dependent colleges see themselves as most at risk!



Community college presidents

- Enrollment up 57%, declined 22%, no change 20%
- 75% adding new programs and transfer options
- 87% expect continued expansion of “free” tuition, but most see it as harmful if expanded to four year publics
- 90% concerned about “lack of clear pathways for transfer students to gain credit for CC courses” as “significant barrier” to transfer to bachelors programs



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Community college presidents

How big of a challenge is each of the following for community college presidents?			
	A big challenge	A moderate challenge	Not much of a challenge
Financial matters	71%	27%	1%
Enrollment management	68%	28%	3%
Politics and public policy	47%	48%	5%
Personnel management and staffing	36%	58%	6%
Competition from other institutions	34%	53%	14%
Educational matters	18%	67%	15%



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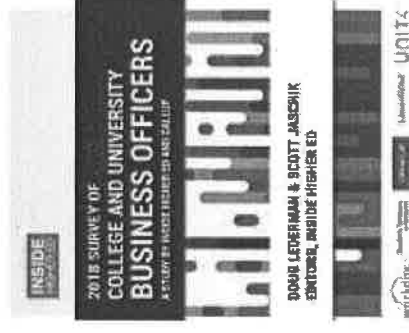
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What chief business officers say:

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



Confidence is declining.



What chief business officers say

On mergers...

17%

Institution had serious talks
with another

18%

Believe their institution
should merge with another

11%

Institution likely to merge
with another

On shared services or programs (next three years)...

37%

Likely to share administrative
services with another

50%

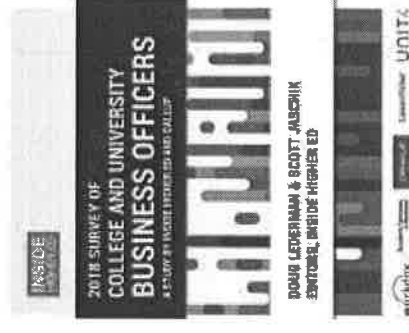
Should share administrative
services with another

37%

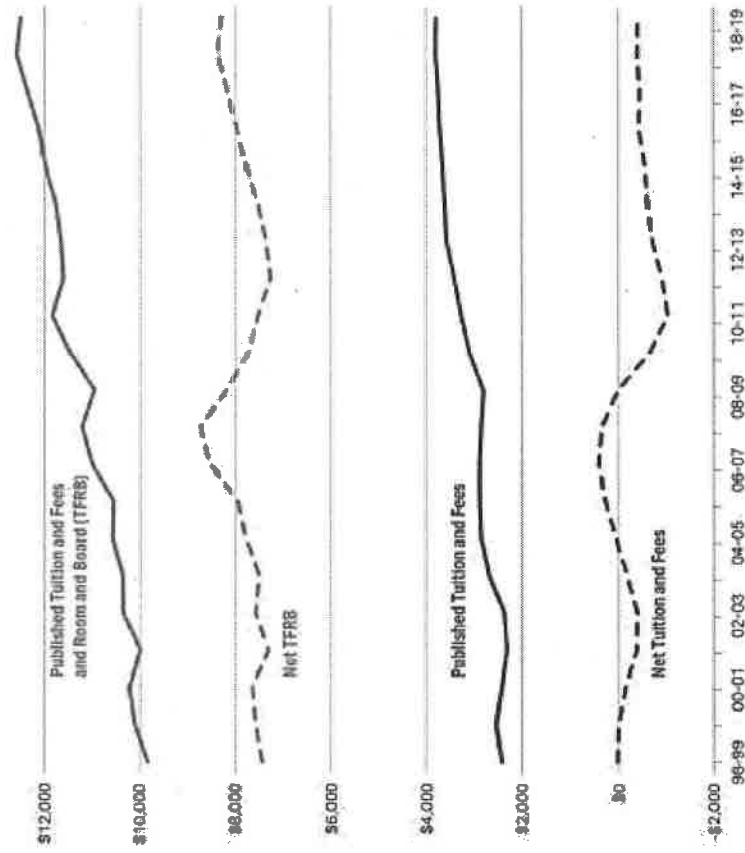
Likely to combine academic
programs with another



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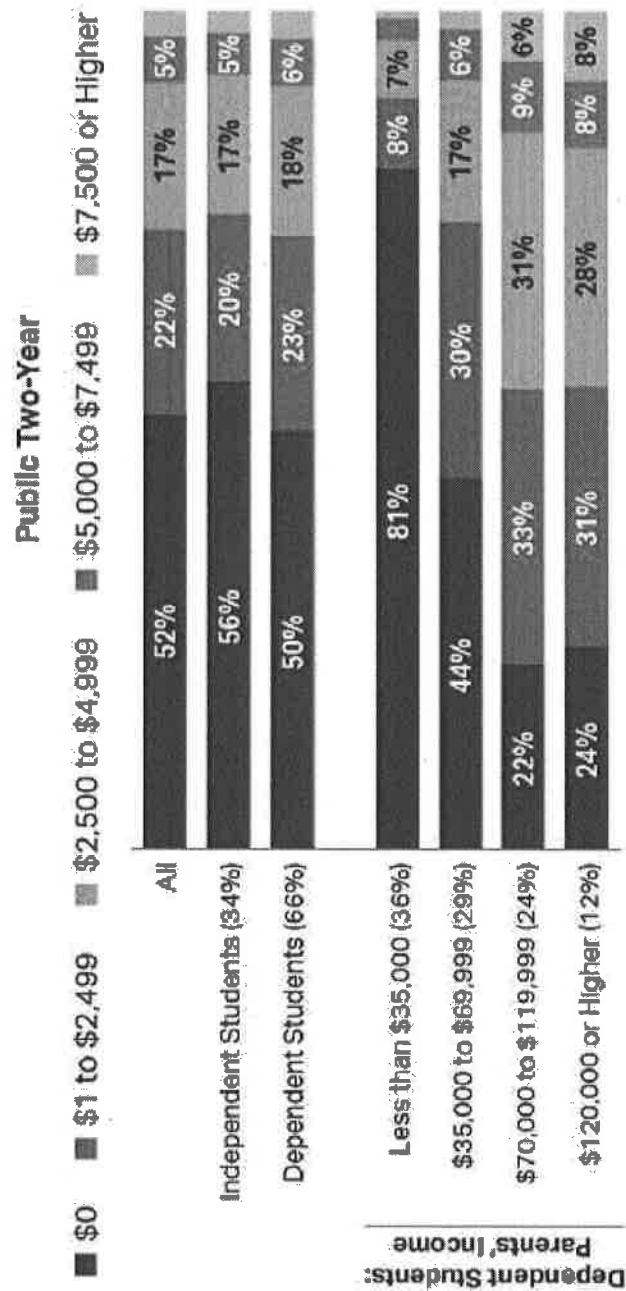


Average Published and Net Prices in 2018 Dollars, Full-Time In-District Undergraduate Students at Public Two-Year Institutions, 1998-99 to 2018-19



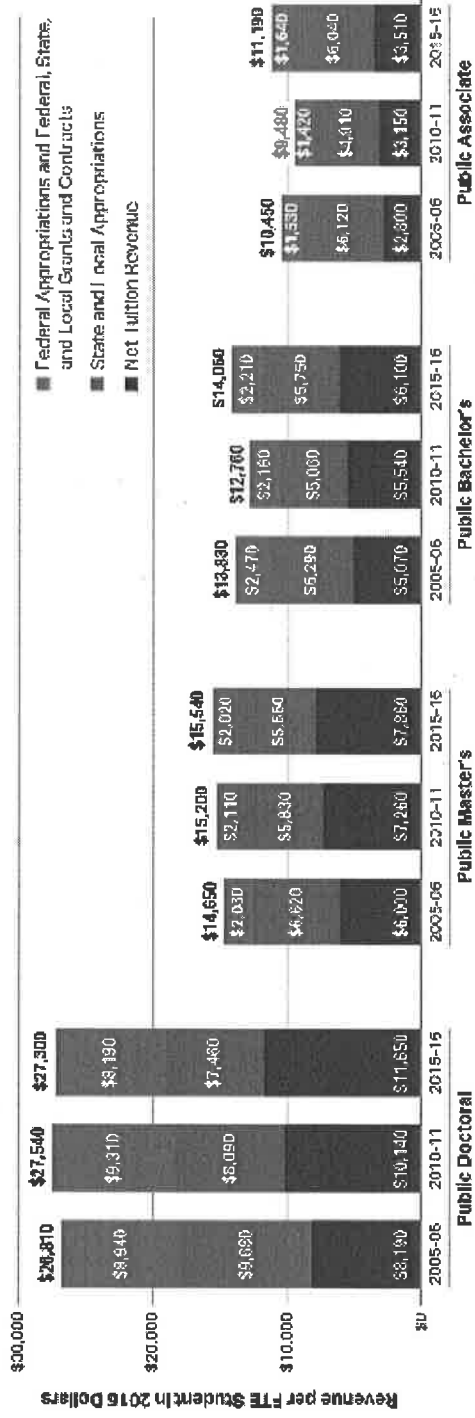
Source: The College Board, Trends in College Pricing 2018, Figure 8.

Distribution of Full-Time Undergraduate Students at Public Institutions by Net Tuition and Fees, 2015-16



Source: The College Board, Trends in College Pricing 2018, Figure 11.

Institutional Revenues per Full-Time Equivalent (FTE) Student in 2015 Dollars at Public Institutions, 2005-06, 2010-11, and 2015-16



Source: The College Board, Trends in College Pricing 2018, Figure 17.

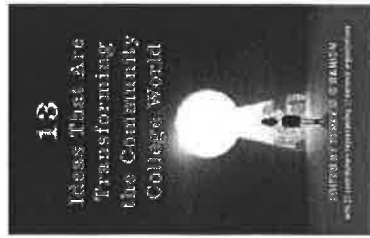
Percentage of Institutional Revenues from Various Sources

	Net Tuition Revenue	State and Local Appropriations	Federal Appropriations and Federal, State, and Local Grants and Contracts
Public Doctoral			
2005-06	31%	36%	33%
2010-11	37%	29%	34%
2015-16	43%	27%	30%
Public Master's			
2005-06	41%	45%	14%
2010-11	48%	38%	14%
2015-16	51%	36%	13%
Public Bachelor's			
2005-06	37%	45%	18%
2010-11	43%	40%	17%
2015-16	43%	41%	16%
Public Associate			
2005-06	27%	59%	15%
2010-11	33%	52%	15%
2015-16	31%	54%	15%

Source: The College Board, Trends in College Pricing 2018, Figure 17.

Ten innovations

"Most creative and substantive transformation in their 118-year history. Reimagine community colleges for today and for the future."



1	Co-enrollment in a four-year institution	6	Applied bachelors degrees
2	Fields of study curricula	7	Bridging the divide between vocational and academic education
3	Meta majors	8	Reimagining remediation
4	Structured pathways	9	One-stop, wrap around support
5	Stackable credentials	10	Alternate scheduling and delivery modes

<https://www.insidehighered.com/blogs/higher-ed-gamma/community-colleges-and-future-higher-education>

Published March 2019



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Return on investment for degree

- Bachelor's degree is worth \$2.8 million on average over a lifetime
- Bachelor's degree holders earn 31% more than those with an Associate's degree and 84 percent more than those with just a high school diploma.



Source: Georgetown University Center on Education & the Workforce



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Student debt

- Student debt is a serious. but overstated, issue in nonprofit higher education.
- Total student debt amounts are distorted by the high numbers from the for-profit sector. Still a problem but the nonprofit sector can't solve that part of it.
- Default rates are highest:
 - For those who don't complete their degrees – so degree completion is very important.
 - For those enrolled in the for-profit sector
 - For those who borrow the smaller amounts (see degree completion above).



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Student debt

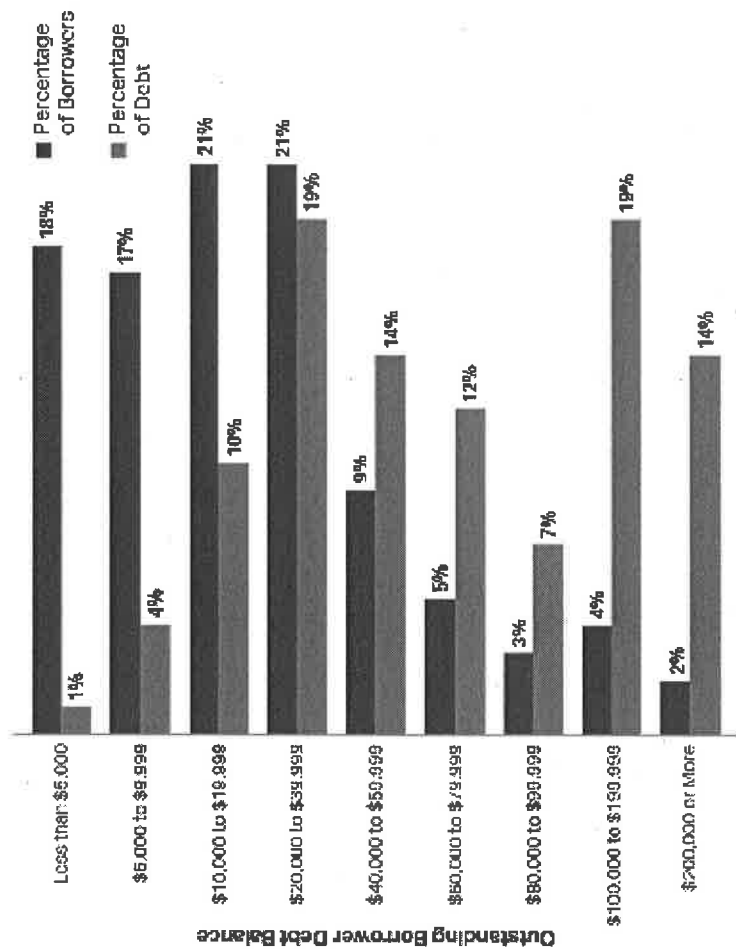
Average Cumulative Debt Levels in 2017 Dollars: Bachelor's Degree Recipients at Public and Private Nonprofit Four-Year Institutions, 2001-02 to 2016-17, Selected Years

	Percentage with Debt	Average Debt per Borrower	Average Debt per Graduate
2001-02	56%	\$23,000	\$12,800
2006-07	58%	\$25,000	\$14,600
2011-12	60%	\$27,800	\$16,600
2016-17	59%	\$28,500	\$16,700

Source: The College Board, Trends in Student Aid 2018, Figure 15.

Student debt

Distribution of Borrowers and Debt by Outstanding Balance, 2018



Source: The College Board,
Trends in Student Aid 2018, Figure 11.

Top IT Issues in Higher Education in 2019



1

Information Security Strategy: Developing a risk-based security strategy that effectively detects, responds to, and prevents security threats and challenges

2

Student Success: Serving as a trusted partner with other campus units to drive and achieve student success initiatives

3

Privacy: Safeguarding institutional constituents' privacy rights and maintaining accountability for protecting all types of restricted data

4

Student-Centered Institution: Understanding and advancing technology's role in optimizing the student experience (from applicants to alumni)



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Closed or merged since 2016 (nonprofit)

Closed

- American Jewish University (California)
- Burlington College (Vermont)
- Concordia College (Alabama)
- Crossroads College (Minnesota)
- Dowling College (New York)
- Grace University (Nebraska)
- Green Mountain College (Vermont)
- Marygrove College (Michigan)
- Marylhurst University (Oregon)
- Morthland College (Illinois)
- Mount Ida College (Massachusetts)
- Newbury College (Massachusetts)
- St. Catharine College (Kentucky)
- St. Gregory's University (Oklahoma)
- Saint Joseph's College (Indiana)

Merging (or into larger organization)

- Andover Newton Theological School (into Yale University)
- Johnson State College & Lyndon State College
- John Wesley College (into Piedmont International University)
- New Hampshire Institute of Art (into New England College)
- Shimer College (into North Central College)
- Wheelock College (into Boston University)

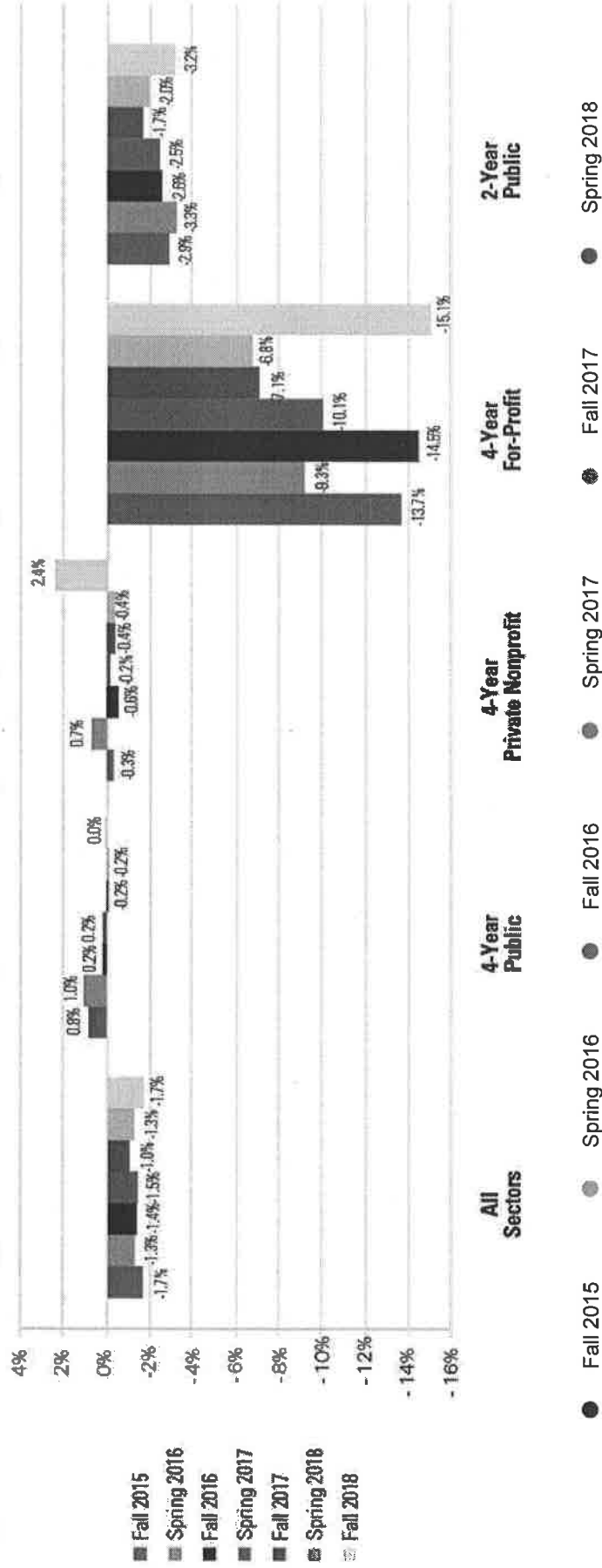
No closings in public sector but one merger



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Enrollment overview by sector

Figure 1: Percent Change from Previous Year, Enrollment by Sector (Title IV, Degree-Granting Institutions)

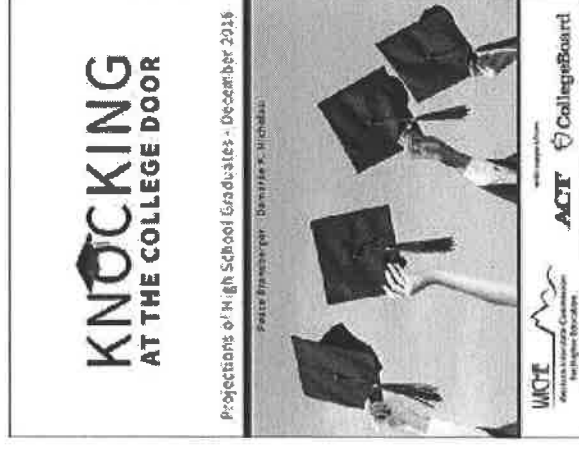


Demographics

- Number of high school graduates
 - Plateau nationally starting in 2019
 - Ongoing declines in East and Midwest
- Ethnicity of higher school graduates
 - Decline of non-Hispanic whites
 - Growth of Hispanics

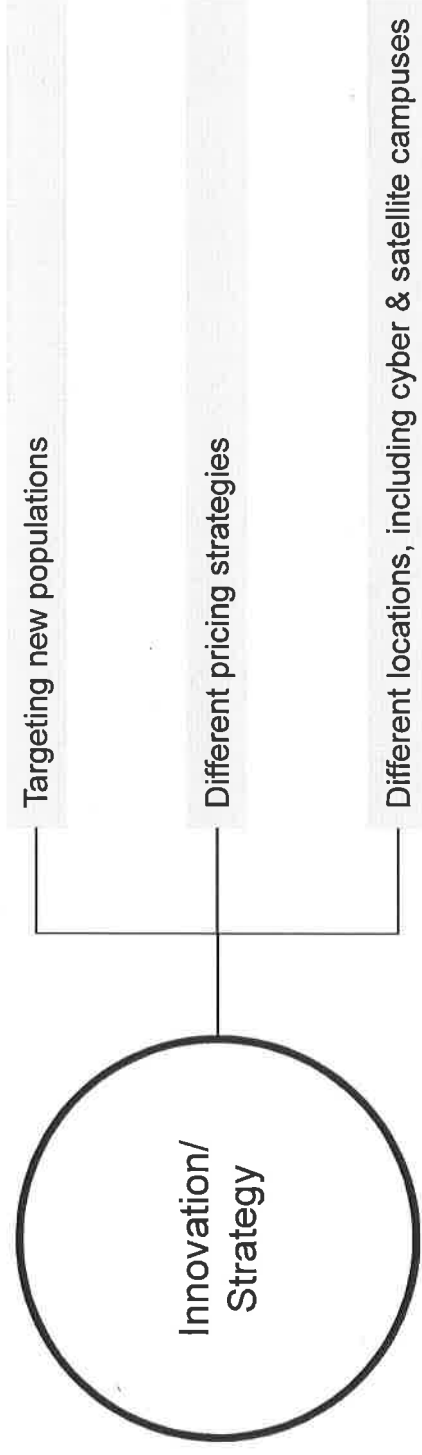


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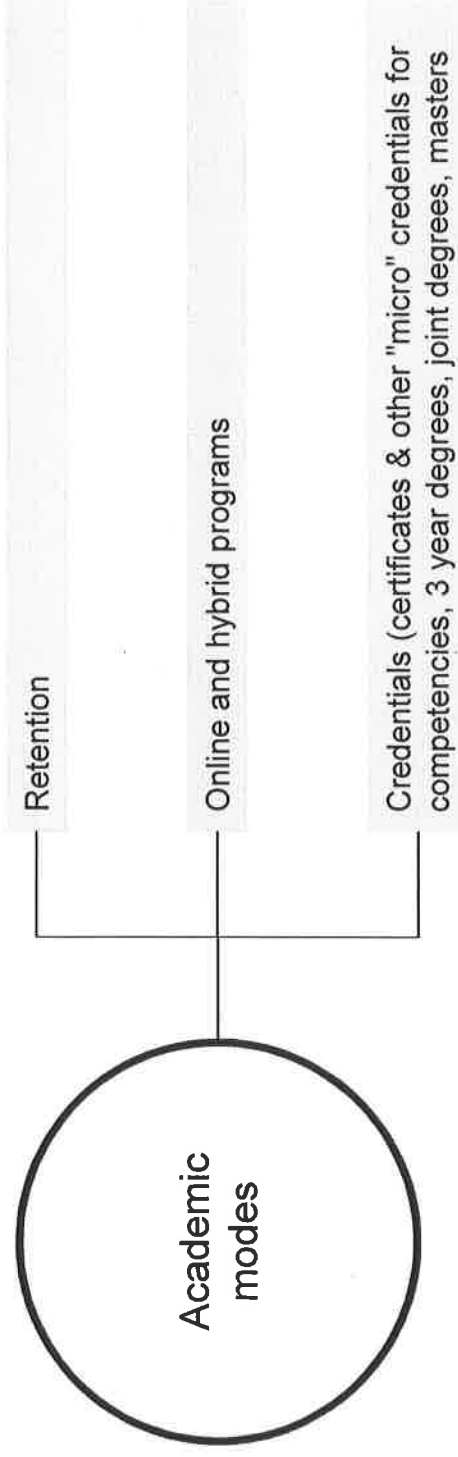


WICHE 9th Ed., issued Dec. 2016
(latest)

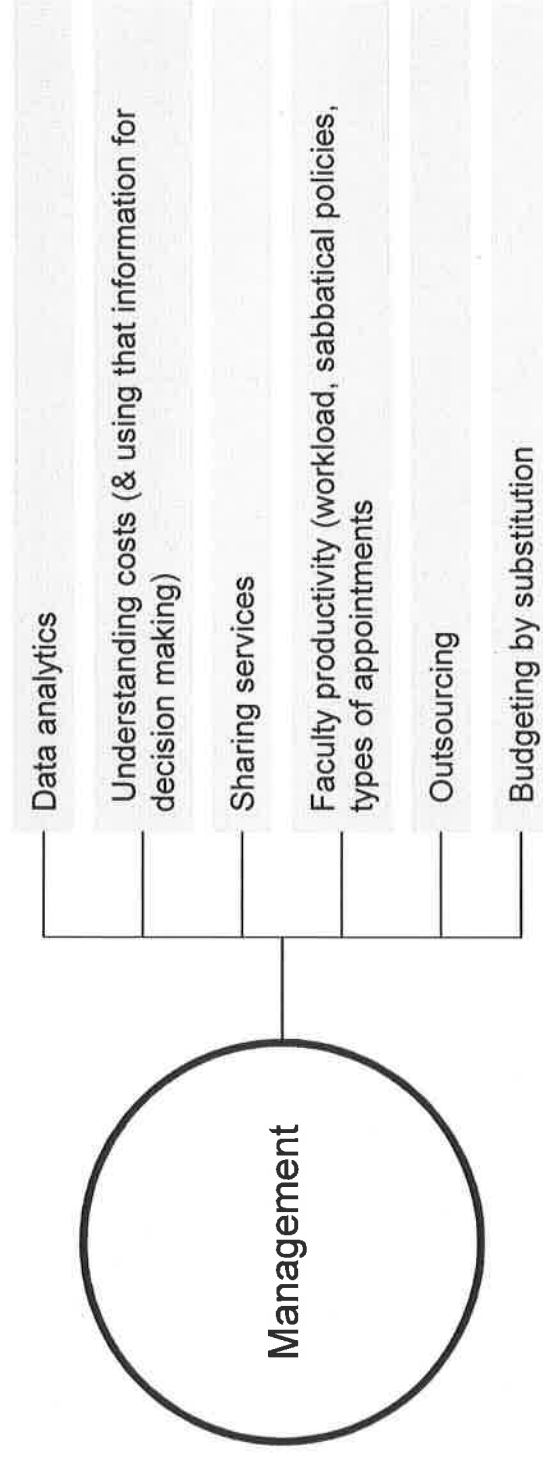
What are colleges doing to generate financial return?



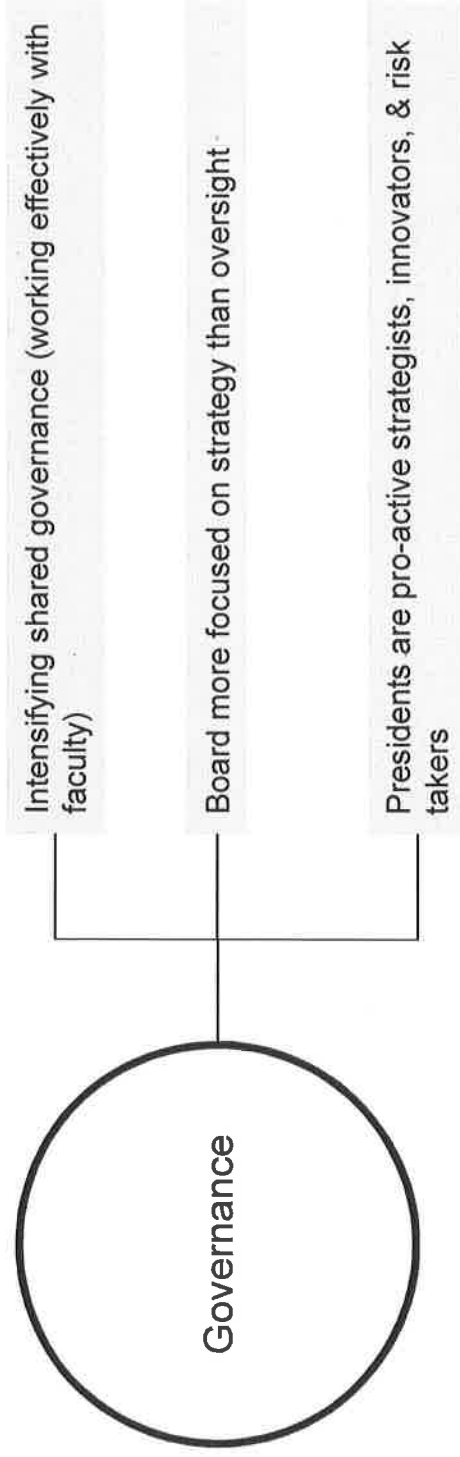
What are colleges doing to generate financial return?



What are colleges doing to generate financial return?

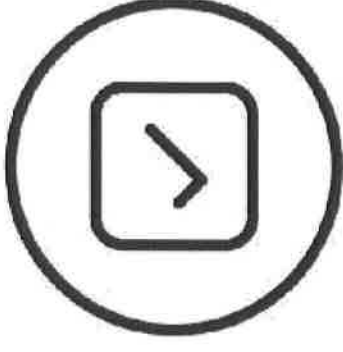


What are colleges doing to generate financial return?



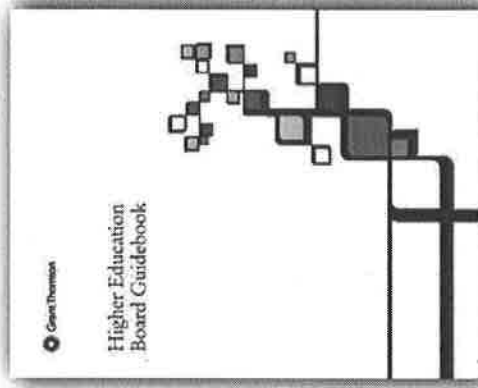
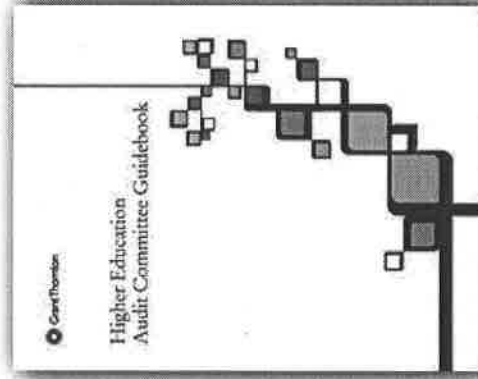
Changes to consider going forward

- Making the case for value of higher education
- Developing capacity for change
- Delivering education in different styles and formats (including cheaper)
- Finding paths to success for new student populations
- Adjusting to lower net student revenue and modest growth in government support
- Holding all stakeholders committed to common purpose



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Additional resources



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Questions/ Conversation



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@LarryLadd1



ATTACHMENT F

2018-2020 Internal Audit Plan Status

COMMUNITY COLLEGE OF PHILADELPHIA

Date: March 14, 2019
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

The following internal audit work is in progress:

- Draft reports issued to management:
 - Emergency Operations (Business Continuity) Plan
 - Non-ITS Administered Programs
 - Pell Grant Appeals
 - Purchasing Cards
- Audits in progress to be completed shortly:
 - FERPA
 - Clery Act
- Opening meetings have been scheduled for audits of:
 - Part-Time Faculty Medical Benefits
 - 50th Anniversary Scholarships
 - Employee Check Requests
 - Vendor Check Requests
- Updated the Internal Audit Follow Up Matrix to include draft audit report comments

* * * * *

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)	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 being executed for the purchase of the COD database.

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
50 4/21/2016	Library Hold Releases Joan Bush	If library staff retain the ability to release holds for fines and lost books, reconciliations of cash collected to released holds must be performed periodically and reviewed by management. Any differences must be investigated and resolved.	12/31/16 7/1/17 (Update of Progress) 12/22/17 6/15/18 (Status Update) 9/1/18 (Status Update) 12/31/18	Management has convened a team to review the current processes and controls. Potential changes include transferring certain controls to the Bursar's group which will eliminate the need for reconciliations between Millennium records (fines released) and Banner records (cash collected). An RFP process has begun to acquire a new ILS system and expected to be implemented by 7/1/17 which have interfaces to update Banner records on a timely basis. Fines are expected to be eliminated under new library policies any necessary payments will be directed to the Bursar. Target date new ILS implementation is now 12/22/17. The implementation of the new ILS system, Alma, occurred as scheduled. Library fines have been eliminated. Borrowers will be charged for lost / unreturned materials. A draft process including replacement cost methodology has been developed and must be approved by management. Procedures for transferring charges to the Bursar remain to be addressed. The Overdue and Lost Items Process was approved by division management and is effective 9/4/18. The Bursar and Library have tested the crosswalk from ALMA to Banner for the cost of lost books onto student accounts. ITS will automate the process of transferring lost book costs with the first transfer of actual records expected by the end of the fall semester. The lost book data transfer from ALMA to Banner has been programmed and is working as intended. Lost book values are posted to student accounts after numerous notices, and holds for unpaid amounts will be placed in accordance with current Bursar guidelines.

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) 12/31/18	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. The Overdue and Lost Items Process was approved by division management and is effective 9/4/18. The Bursar and Library have tested the crosswalk from ALMA to Banner for the cost of lost books onto student accounts. ITS will automate the process of transferring lost book costs with the first transfer of actual records expected by the end of the fall semester. The lost book data transfer from ALMA to Banner has been programmed and is working as intended. Lost book values are posted to student accounts after numerous notices, and holds for unpaid amounts will be placed in accordance with current Bursar guidelines.
59	5/25/2016 ITS Physical Security Michael Fohner	ITS and Facilities management should take appropriate steps and plans to reduce the risks associated with connectivity rooms left wide open.	6/30/17 6/30/18 9/15/18 (Status Update) NO UPDATE PROVIDED	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.

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
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) 12/31/18 NO UPDATE PROVIDED	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. New electronic locks are being ordered for MG-6, the Core Server Room and NW207 with completion of the upgrades expected by the end of 2018.
63	5/25/2016 ITS Physical Security Michael Fohner	Management should consider installing additional gaseous systems in rooms which have significant risk of business and classroom interruption based on the type of equipment in the connectivity rooms.	6/30/17 (Update of Progress) 4/30/18 9/15/18 (Status Update) 5/31/19	Management has decided to upgrade the fire suppression systems from sprinklers to gaseous systems in three rooms deemed critical due to the nature and value of electronic equipment in those rooms. Specifically, upgrades in rooms B2-39, MG-6A and W1-E1 have been included in the budget for the 2016-2017 fiscal year and, as such, should be completed by June 30, 2017. Update as of 12/21/2016: Phase One: The 3 CRITICAL Closets (MG-6A, B2-39, W1-E1) are pending the release of the RFP for installation of the FM200 fire suppression systems. Phase 2: Time and funding permitting the regional center IDFs will be addressed later for gaseous fire suppression. The scope of work for this project has been completed. RFP is expected to be posted by 10/4/17 with work to be completed by 4/30/18. RFPs have been issued. Work is expected to be performed over the summer 2018 and completed by the start of the fall semester. Fire Suppression will be installed for MG-6A and W1-E1 and work will be done on ceiling installations to support the fire suppression equipment. B2-39 no longer needs this upgrade as critical equipment housed in that space has been moved to a protected room.

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Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
64	5/3/2016 Remote Sites of DACE CBO Program David Thomas	Internal Audit recommends that DACE management develop a process to provide a substitute supervisor when such absences occur or are requested.	9/1/16 4/30/17 10/31/17 5/31/18 (Responses for 2018 Draft Report)	The College and the CBOs have an understanding that the CBO administrator will ensure that the DACE students remain in designated areas, that the course ends on time and that DACE students leave the site in accordance to standard procedures. Management will document this and formally communicate this with the CBOs again before the fall semester. In the rare event that site supervisors may have to leave early and the CBO's designated administrator is unable to fulfill these duties, the class(es) will be dismissed. Internal Audit will follow up on these plans during the spring 2017 audit of this subject. A revised management response in the 2017 / 2018 CBO Visits audit report will address the status of this action. See update to the actions plans above in item # 81 below.
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 with be included in 2017 / 2018 CBO Visits audit report. See update to the action plans above in item # 83 below.
75	5/24/2018 Disaster Recovery and Response Plan Jody Bauer	Substantive testing of the DRRP should be documented. Issues and resolutions should be tracked and documented until completed. The CIO Table-top exercises should also be performed periodically using a variety of scenarios and timing.	6/30/18 NO UPDATE PROVIDED	Testing procedures and results will be documented and maintained moving forward. Tabletop exercises will be added to the monthly DR meetings held in ITS. These procedures will also be documented in the DRRP within the next 90 days (no later than June 30, 2018).
77	5/24/2018 Disaster Recovery and Response Plan 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 NO UPDATE PROVIDED	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.

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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 Disaster Recovery and Response Plan 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 5/31/19	See Management Response / Follow Up for item # 63 above.
81A	6/12/2018 Remote Sites of DACE CBO Program David Thomas (DACE)	DACE management should develop a process to provide a substitute site supervisor when absences occur or are requested.	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. Procedures for adult education classes were updated to include steps to take in the event of absence of site supervisor absence.
82A	6/12/2018 Remote Sites of DACE CBO Program David Thomas (DACE)	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.	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. Procedures for adult education classes have been updated to direct staff to ensure background checks are conducted by Human Resources for any instructors and site supervisors at facilities where minors are present.
82B	6/12/2018 Remote Sites of DACE CBO Program Waverly Coleman (WEI)	Child abuse and criminal background checks should be performed for any College staff and faculty working at the WEI sites who have not had such a check in the period required by the related PA laws.	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. WEI management will work with Human Resources to ensure that all instructors and site supervisors have appropriate background checks and clearances before the classes start each semester.
83A	6/12/2018 Remote Sites of DACE CBO Program David Thomas (DACE)	DACE management will develop 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. Students will also be be directed to the College's webpages for the Office of Public Safety for additional safety information.
84A	6/19/2018 Emergency Operations Plan Jacob Eapen	In order to enhance the value of the Send Word Now program to the College, Internal Audit recommends the following: Send College-wide test messages within one week of the start of each semester including summer sessions.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED

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Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up	
				MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED
84B	6/19/2018 Emergency Operations Plan Jacob Eapen	In order to enhance the value of the Send Word Now program to the College, Internal Audit recommends the following: Test all created groups including the Emergency Management Team and the Executive Policy Group.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED
84C	6/19/2018 Emergency Operations Plan Jacob Eapen	In order to enhance the value of the Send Word Now program to the College, Internal Audit recommends the following: Verify that all members of the emergency related groups received the test messages due to the importance of these groups receiving real emergency messages.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED
84D	6/19/2018 Emergency Operations Plan Jacob Eapen	In order to enhance the value of the Send Word Now program to the College, Internal Audit recommends the following: Retain sufficient records to be able to determine what messages were sent, when they were sent, how they were sent, and to whom they were sent. These records should be retained for an appropriate period determined by the College's general Counsel.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED
85	6/19/2018 Emergency Operations Plan Jacob Eapen	In order to help ensure that students are aware of the EOP and other posted safety information, Internal Audit recommends that staff from the Public Safety Department participate in all student orientations to help ensure that appropriate safety information is provided to attending students including references to the College's EOP on the website.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED
86	6/19/2018 Emergency Operations Plan Jacob Eapen	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.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED
87	6/19/2018 Emergency Operations Plan Jacob Eapen	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.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED
88	6/19/2018 Emergency Operations Plan Jacob Eapen	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.		MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation		Target Date		Management Response / Follow up	
89	Emergency Operations Plan Jacob Eapen	Internal Audit recommends that table top or live exercises be developed which address reasonably anticipated events and/or collateral effects such as, but not limited to, the loss of the use of College buildings for some period of time. There are a number of scenarios which could cause this result for which thought should be given before an actual event occurs. Timing of events should also be considered in worst case scenarios such as during the fall or spring semester, during finals or could impact graduation ceremonies.				MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	
90	Emergency Operations Plan Jacob Eapen	Internal Audit recommends the EPG participate in tabletop exercises on a regular basis. It may be appropriate to have tests on a semi-annual basis until the group has been through several test scenarios. Unannounced table top exercises, which will better represent real-world events and the group's reactions, should also be scheduled for this group.				MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	
91	Emergency Operations Plan Jacob Eapen	Internal Audit recommends that minutes of all EOP-related meeting are recorded and stored as appropriate. Documentation of any actions taken such as evacuation drills and table top exercises should also be maintained.				MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	
92A	Emergency Operations Plan Jacob Eapen	Internal Audit recommends that primary, secondary and tertiary media contacts be designated. These contacts should be documented in the EOP and they should be the same persons designated in the DRRP.				MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	
92B	Emergency Operations Plan Jacob Eapen	Internal Audit recommends, in order to maintain uniform and factual information flow to the media, College staff and faculty should be reminded periodically (e.g. annually) to refrain from making comments to the media during a disruptive event, and to direct any such inquiries to the media contacts designated in the EOP.				MANAGEMENT RESPONSE / ALTERNATIVE ACTION PLANS HAVE NOT BEEN FINALIZED	
93	Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that the Cyber Breach Group establish goals and timetables to address education of department owners related to PII, as well as the security of PII within the College's physical areas and systems.				NO RESPONSE RECEIVED	
94	Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that the CIO and/or Purchasing Department management determine what contracts reference data storage in the cloud by vendors which may be evergreen or automatic renewal terms which may prevent the new review control from occurring. Such contracts should be reviewed against the new questionnaire and management should consider executing amendments to these contracts which address any cloud-related risks or internal control weaknesses of the vendor.				NO RESPONSE RECEIVED	

Community College of Philadelphia

Internal Audit Follow Up Matrix

Report Date	Area/ Responsible Party	Recommendation	Target Date	Management Response / Follow up
95 9/7/2018	Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that each program owner be required to designate a backup administrator. The CIO should follow up on the current PII survey and obtain such designated persons for each program.		NO RESPONSE RECEIVED
96 9/7/2018	Non-ITS Administered Programs Jacob Eapen	Internal Audit recommends that ITS review the programs listed in the PII survey and determine if there are time sensitive programs for which downtime for any reason could interfere with the functionality required by staff to perform their duties and provide services to both staff, faculty and students. Since ITS is well versed in continuity planning for the programs they manage, it would be prudent for ITS to assist departments with time sensitive programs in developing procedures related to such downtime.		NO RESPONSE RECEIVED
97 9/7/2018	Non-ITS Administered Programs Jacob Eapen	Internal Audit requests that ITS confirm that it has access right to each program currently in use throughout the College.		NO RESPONSE RECEIVED
98A 11/2/2018	Pell Grant Appeals Samuel Hirsch	Internal Audit recommends management change the related policy, appeal form, and decision letter to state the review is performed by the College's Financial Aid Office.	NOT PROVIDED	The policy, appeal form, and decision letter will state that the review was performed by the College's Financial Aid Office.
98B 11/2/2018	Pell Grant Appeals Samuel Hirsch	Internal Audit recommends management ensure online notes reflect that there was another opinion on the appeal decision. Such notes should be made by the employee who was consulted, not the primary specialist who requested additional input.	NOT PROVIDED	Online notes will reflect that there was another opinion on the appeal decision. Notes about the decision (regarding approval or denial) will be made by the employee who was consulted. Consultation will be done by an Associate Director of Financial Aid or the Director of Financial Aid. The primary specialist who requested additional input will also make notes on the case.
98C 11/2/2018	Pell Grant Appeals Samuel Hirsch	Internal Audit recommends management revised documented procedures to help ensure all staff who work on appeals are informed of the change and know they must enter their own consulting notes in Banner.	03/01/19	By March 1, 2019, staff will receive a communication about these new procedures and expectations.

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

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

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage	Planned Quarter
Financial Audits					
Colonial One Card	L	Determine controls over prepaid card program	2020		4
Check Requests - Vendors	L	Verify controls for payments to vendors	2019	2	4
Check Requests - Employees	L	Verify controls for reimbursements to employees	2019	2	4
Purchasing Cards	M	Determine compliance with purchasing card policies	2019	5	2
403(b) Transactions *	L	Determine controls over payments to retirement savings vendors	2020		2
Operational Audits					
403(b) Administration *	L	Determine controls over employee requests related to retirement savings	2020		2
Part-Time Faculty Medical Benefits	L	Determine controls and accuracy of medical coverage paid by staff	2019	2	3
Pell Grants - Appeal Process for Academic Progress	M	Determine compliance with requirements	2019	6	1
Veterans' Resource Center	M	Compliance with Veterans' Education Benefits Laws	2020		3
Compliance					
50th Anniversary Scholarship Program	M	Determine compliance with requirements	2019	2	3
Family Educational Rights and Privacy Act	M	Compliance with FERPA regulations	2019	4	1
State Recruiting Regulations	M	Determine compliance with regulations / restrictions	2020		3
Family Medical Leave Act	L	Determine compliance with policies, procedures and regulations	2020		3
Residency Verification	L	Compliance with procedures and controls to pay tuition based on residency	2020		1

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

Functional Area	Risk Rating	Risk Explanation / Reason for Audit	Fiscal Year	Stage	Planned Quarter
Forgivable Loans	L	Compliance with procedures and controls for such loans	2020		4
Clery Act	M	Compliance with law and required disclosures	2019	4	2
IT Audits					
Non-ITS Administered Software Programs	M	Determine adequacy of administration controls	2019	5	1
Network Security	L	Determine adequacy of controls for systems access	2020		1
Administrative					
Follow Up on Prior Issues			Ongoing		Ongoing
Committee Meetings (Grants, Data Breach, EMT, external audits/reviews)			Ongoing		Ongoing

Stage:

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

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