

***City Colleges of Chicago  
Community College  
District No. 508***

*Single Audit Report  
(In Accordance With the Single Audit Act of  
1984 and Amendments of 1996, and  
OMB Circular A-133) for the  
Year Ended June 30, 2005*

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT No. 508**

**SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2005**

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**INDEPENDENT AUDITORS' REPORT ON  
FINANCIAL STATEMENTS (INCLUDED IN THE  
FINANCIAL STATEMENTS OF THE  
CITY COLLEGES OF CHICAGO FOR THE YEARS ENDED JUNE 30, 2005  
AND 2004, WHICH IS INCORPORATED HEREIN BY REFERENCE)**

**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of  
City Colleges of Chicago  
Community College District No. 508:

We have audited the financial statements of the City Colleges of Chicago, Community College District No. 508 (the "City Colleges") as of and for the year ended June 30, 2005, and have issued our report thereon dated February 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City Colleges' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City Colleges' ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements.

Our audit of the basic financial statements disclosed the following reportable condition listed in the accompanying Schedule of Findings and Questioned Costs as item 2005-3:

- Quality control processes to review draft financial statements should be improved to produce timely and accurate financial statements in accordance with federal and state filing requirements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Colleges' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters involving the internal control over financial reporting, which we have reported to management of the City Colleges in a separate letter dated February 28, 2006.

This report is intended solely for the information and use of management, the Board of Trustees of the City Colleges, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Deloitte + Touche LLP*

February 28, 2006

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO  
EACH MAJOR FEDERAL AWARD PROGRAM AND ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Trustees of  
City Colleges of Chicago  
Community College District No. 508

### Compliance

We have audited the compliance of the City Colleges of Chicago, Community College District No. 508 (the "City Colleges"), with the types of compliance requirements described in the *United States Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal award programs for the year ended June 30, 2005. The City Colleges' major federal award programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal award programs is the responsibility of the City Colleges' management. Our responsibility is to express an opinion on the City Colleges' compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal award program occurred. An audit includes examining, on a test basis, evidence about the City Colleges' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City Colleges' compliance with those requirements.

In our opinion, the City Colleges complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items Findings 2005-1, and 2005-2.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the City Colleges is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal award programs. In planning and performing our audit, we considered the City Colleges' internal control over compliance with requirements that could have a direct and material effect on a major federal award program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the City College's internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the City College's internal control over compliance and its operation that we consider to be material weaknesses.

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the City Colleges, as of and for the year ended June 30, 2005, and have issued our report thereon, dated February 28, 2006. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the City Colleges. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees of the City Colleges, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Deloitte + Touche LLP*

February 28, 2006

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2005**

Source of Funds Program Name	CFDA Number	Grant Number	Expenditures
<b>MAJOR PROGRAMS:</b>			
U.S. Department of Education—			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	P063P041341	\$ 45,399,017
Federal Supplemental Educational Opportunity Grants Program	84.007	P007A031123	1,083,749
Federal Work-Study Program	84.033	P033A031123	<u>1,631,572</u>
<b>TOTAL EXPENDITURES OF MAJOR PROGRAMS</b>			<u><b>\$ 48,114,338</b></u>
<b>NONMAJOR PROGRAMS:</b>			
U.S. Department of Education—			
Higher Education—Institutional Aid Program:			
Strengthening Institutions—Hispanic Serving Institutions	84.031S	P031S000072	\$ 78,667
Strengthening Institutions—Hispanic Serving Institutions	84.031S	P031S000072	57,377
Strengthening Institutions—Hispanic Serving Institutions	84.031S	P031S020036	264,298
Collaboration to Improve Hispanic Transfer & Degree	84.031S	PO31S040011	<u>100,604</u>
			<u>500,946</u>
TRIO—Upward Bound Program:			
Upward Bound Grant	84.047A	P047A990150	64,242
Upward Bound Grant	84.047A	P047A990150	125,380
Upward Bound Grant	84.047A	P047A030557	<u>255,243</u>
			<u>444,865</u>
TRIO—Educational Opportunity Centers:			
Educational Opportunity Centers Program	84.066A	P066A030289A	<u>213,334</u>
U.S. Department of Education—			
TRIO—Talent Search Program:			
Talent Search Grant	84.044A	P066A020178	215,930
Talent Search Grant	84.044A	P044A020815	<u>291,721</u>
			<u>507,651</u>
TRIO—Student Support Services:			
Student Support Services Program	84.042A	P042A010812	<u>302,816</u>
Fund for the Improvement of Postsecondary Education Program:			
Comprehensive Program (Applications)—Daley	84.116B	P116B011475	4,469
Comprehensive Program (Applications)—Central	84.116B	P116B010987	54,193
Comprehensive Program—Wright	84.116B	P116B030714	<u>107,631</u>
			<u>166,293</u>
Childcare Access Means Parents in School:			
Child Care	84.335A	P335A010070	<u>229,997</u>

(Continued)

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2005**

Source of Funds Program Name	CFDA Number	Grant Number	Expenditures
<b>NONMAJOR PROGRAMS (Continued):</b>			
U.S. Department of Education—			
Passed through the Illinois Community College Board:			
Vocational Education—Basic Grant to States (Perkins II) Programs:			
Perkins III Grant	84.048	CTEPIG508	\$ 3,798,457
Career and Technical Education	84.048	P044A020272	<u>140,000</u>
			<u>3,938,457</u>
U.S. Department of Education—			
Passed through the Illinois Community College Board:			
Adult Education—State Grants Program:			
Adult Education Grant—Basic	84.002	50800	3,658,953
Adult Education Grant—Civic	84.002	50800	<u>370,747</u>
			<u>4,029,700</u>
Adult Education—State Grant Program (A)			
Adult Education Leadership Program	84.002A	AE05019	<u>48,738</u>
Passed through Illinois Community College Board:			
Tech-Prep Education Program:			
Federal Technical Prep. Grant	84.243	05TP5080	495,549
Technical Preparation Support	84.243	05TP5080	<u>64,135</u>
			<u>559,684</u>
Passed through Community College of Allegheny County:			
Globalizing Vocational Training program			
for the Electrical Industry to World Class Standards	84.116	Various	<u>6,225</u>
Passed through Northeastern University:			
Gear-up Program:			
Gear-up	84.334	P334A990093	155,160
Gear-up	84.334	P334A990093	<u>182,164</u>
			<u>337,324</u>
U.S. Department of Education—			
Passed through Illinois State University:			
Illinois Professional Learners Partners			
Title II—Teacher Quality Enhancement Grant (B)	84.336	530009522	<u>46,922</u>

(Continued)

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2005**

<b>Source of Funds Program Name</b>	<b>CFDA Number</b>	<b>Grant Number</b>	<b>Expenditures</b>
NONMAJOR PROGRAMS (Continued):			
Passed through Illinois Community College Board:			
Paraprofessional Test Preparation Curriculum:			
Elementary and Secondary:			
Improving Teacher Quality State Grants (A)	84.367A	Para05 508	\$ 18,000
TOTAL EXPENDITURES—U.S. Department of Education (Major and Nonmajor programs)			<u>\$ 59,465,290</u>
U.S. Department of Health and Human Services—			
Bridges to the Baccalaureate: Center of Science Success			
Bridges to the Baccalaureate: Center of Science Success	93.859	1 R25 GM66344-01	\$ 212,297
Bridges to the Baccalaureate: Center of Science Success	93.859	1 R25 GM068939A	<u>308,287</u>
			<u>520,584</u>
Grants for Physician Assistant Training Program:			
Physician Assistant Training Grant	93.886	1D21HP10155AO	<u>155,256</u>
U.S. Department of Health and Human Services—			
Passed through the City of Chicago Department of Human Services:			
Head Start Program:			
Wrap Around Grant—Child Care Services	93.600	D4952511409	121,834
Wrap Around Grant	93.600	D1952511409	294,086
Child Development Assoc Training Grant	93.600	D4952511409	135,864
Child Development Assoc Training Grant	93.600	D1952511400	311,069
Collaboration Full Day Child Care Grant	93.600	D4952511409	148,811
Collaboration Full Day Child Care Grant	93.600	D1952511409	<u>267,169</u>
			<u>1,278,833</u>
Passed through Illinois Department of Children and Family Services:			
Foster Care—Title III-E Program:			
Foster Parent Training Grant	93.658	1061869015	<u>610,824</u>
Passed through Illinois Department of Human Services:			
Child Care Mandatory and Matching Funds of Child Care Program:			
Child Development Center Grant	93.596	10C4001140	<u>18,604</u>
Passed through the National Collegiate Athletic Association:			
National Youth Summer Sport Grant			
Community Services Block Grant—Discretionary Awards (B)	93.570	80-8101	<u>304,350</u>
TOTAL EXPENDITURES—U.S. Department of Health and Human Services			<u>\$ 2,888,451</u>

(Continued)

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2005**

Source of Funds Program Name	CFDA Number	Grant Number	Expenditures
NONMAJOR PROGRAMS (Continued):			
U.S. Department of Agriculture—			
Passed through the Illinois State Board of Education			
Child and Adult Care Food Program:			
Child Care Food Grant	10.558	14-016-5080-51	\$ 44,690
Child Care Food Grant	10.558	14-016-5080-51	<u>147,445</u>
			<u>192,135</u>
Passed through Illinois State Board of Education:			
Nat'l Youth Summer Food Program	10.559	4225-00-14-01650851	<u>147,126</u>
TOTAL EXPENDITURES—U.S. Department of Agriculture			<u>\$ 339,261</u>
U.S. Department of Labor—			
Passed through Senior Service America Inc.			
Employment and Training Administration Grant:			
Title V—Senior AIDES Program			
Division of Older Worker Programs:			
Senior Community Service Employment Program (A,B)	17.235	Various	\$ <u>185,593</u>
Passed through Chicago Technology Park:			
H-1B Technical Skills Training Grant:			
Employment and Training Administration Pilots, Demonstrations and Research Projects	17.621	AH-13683-04-60	<u>120,995</u>
Passed through Illinois Community College Board:			
Nontraditional Scholarship Program:			
Employment, Labor, And Training			
WIA Adult Program (A), Youth Activities (A), and Dislocated Workers (A,B)	17.258, 17.259 & 17.260	NTS50805	<u>4,278</u>
Passed through Illinois State University:			
Intergrated System Technology			
	17.26	AN-14299-04-60	<u>179,604</u>
Passed through Illinois State Board of Education:			
Education-to-Careers:			
Youth Opportunity Grants (B)	17.263	05-477700	<u>221,000</u>
Passed through Illinois Department of Commerce and Economic Development:			
ETIP/SMCC—Multi-Company Option	17.261	03-67826	42,510
ETIP/SMCC—Multi-Company Option	17.261	03-67838	<u>57,144</u>
			<u>99,654</u>

(Continued)

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FISCAL YEAR ENDED JUNE 30, 2005**

<b>Source of Funds Program Name</b>	<b>CFDA Number</b>	<b>Grant Number</b>	<b>Expenditures</b>
NONMAJOR PROGRAMS (Continued):			
U.S. Department of Labor—			
Passed through Illinois Community College Board			
Health Care Innovation Pilot Project:			
WIA Incentive Grants—Section 503 Grants to State (B)	17.267	HPI50805(1)	\$ 92,845
WIA Incentive Grants—Section 503 Grants to State (B)	17.267	HPI50805(2)	<u>68,500</u>
			<u>161,345</u>
TOTAL EXPENDITURES—U.S. Department of Labor			<u>\$ 972,469</u>
National Aeronautics and Space Administration—			
Passed through University of Texas at San Antonio (UTSA):			
Proyecto Access Grant			
Aerospace Education Services Program (L)	43.001	NAG5-3491	\$ 74,702
Passed through the United Negro College Fund Special Programs:			
NASA—Based Modular Chemistry: Curriculum Reform at HWC	43.001	NCC5-411	<u>26,579</u>
TOTAL EXPENDITURES—National Aeronautics and Space Administration			<u>\$ 101,281</u>
U.S. Department of the Air Force—			
Combined Analysis of Functional Interfaces			
and Surfaces Generated via Deep-Pen Nanolithography	12.800	F-49620-03-1-0329	<u>141,786</u>
U.S. Department of Transportation—			
Passed through University of Wisconsin—Madison			
Optimization of transportation	20.701	A800354	<u>30,460</u>
U.S. Department of Commerce—			
National Oceanic Atmospheric Assc.—EPP/MSI			
Educational Partnership Program (B)	11.481	P0093809	<u>59,930</u>
U.S. Department of Housing and Urban Development—			
Passed through Chicago Housing Authority of Chicago:			
Opportunities for Youth—Youthbuild Program:			
Youthbuild Hilliard/Ickes Project	14.243	Y01-1M-IL-0181	<u>20,958</u>
National Endowment for the Humanities—			
National Great Books Project: Humanities Education for			
Minority & Non-Traditional Community College Students	45.167	EE-50149-04	<u>47,849</u>
National Science Foundation—			
Pass through Chicago State University:			
Illinois Louis Stokes Alliance for Minority Participation	47.076	53088-0545GR-1245	<u>28,560</u>
TOTAL EXPENDITURES—All nonmajor programs			<u>15,981,957</u>
TOTAL EXPENDITURES—ALL PROGRAMS			<u>\$ 64,096,295</u>
See accompanying notes to schedule of expenditures of federal awards.			(Concluded)

# CITY COLLEGES OF CHICAGO COMMUNITY COLLEGE DISTRICT No. 508

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2005

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### 1. SCOPE OF ENTITY

City Colleges of Chicago – Community College District No. 508 (“City Colleges”) is a separate taxing body created under the Illinois Public Community College Act of 1965, with boundaries coterminous with the City of Chicago. City Colleges delivers educational and student services through seven colleges, each of which is separately accredited by the North Central Association. The Board of Trustees (the “Board”), appointed by the Mayor of Chicago and ratified by the city council, is responsible for establishing the policies and procedures by which City Colleges is governed. The U.S. Department of Education has been designated as the City Colleges’ cognizant agency for the Office of Management and Budget OMB Circular A-133 audit (the “Single Audit”).

*Programs Subject to Single Audit*—The Schedule of Expenditures of Federal Awards is presented for each federal program related to the following agencies:

- Department of Agriculture
- Department of Commerce
- Department of Education
- Department of Health and Human Services
- Department of Labor
- Department of Housing and Urban Development
- Department of Transportation
- Department of the Air Force
- National Aeronautics and Space Administration
- National Endowment for the Humanities
- National Science Foundation

*Fiscal Period Audited*—Single Audit testing procedures were performed for program transactions that occurred during the fiscal year ended June 30, 2005.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting*—Federal financial assistance expenditures are accounted for on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**3. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City Colleges. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The amounts presented in this schedule have been reconciled to the City Colleges' financial statements.

**4. FINDINGS AND NONCOMPLIANCE**

The findings and noncompliance identified in connection with the 2005 Single Audit are disclosed in the Schedule of Findings and Questioned Costs.

Of the federal expenditures presented in the schedule, the City Colleges provided federal awards to subrecipients under the following programs during the fiscal year ended June 30, 2005:

<b>Program Title</b>	<b>CFDA Number</b>	<b>Grant Reference No.</b>	<b>Amount Provided to Subrecipients</b>
None	N/A	N/A	N/A

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**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2005**

**CITY COLLEGES OF CHICAGO**  
**Community College District no. 508**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2005**

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**PART I—SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

**Financial Statements**

**Type of auditors' report issued:**

**Unqualified**

Internal control over financial reporting:

- Material weaknesses?  Yes  No
- Reportable conditions identified that are not considered to be material weaknesses?  Yes  N/A
- Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material weaknesses?  Yes  No
- Reportable conditions identified that are not considered to be material weaknesses?  Yes  N/A

**Type of auditors' report issued on compliance for major programs:**

**Unqualified**

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
YEAR ENDED JUNE 30, 2005**

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**Identification of Major Programs**

**U.S. Department of Education**

CFDA Number	Name of Federal Program or Cluster
84.007*	Federal Supplemental Educational Opportunity Grants (FSEOG) Program
84.033*	Federal Work-Study Program
84.063*	Federal Pell Grant Program

\* Student Financial Assistance Cluster

- Dollar threshold used to distinguish Type A and Type B programs

\$1,922,889

- Auditee qualified as a low-risk auditee?

\_\_\_\_\_ Yes        X   No

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508**

**PART II—FINANCIAL STATEMENT FINDINGS SECTION  
FINDING 2005-3**

**Condition**

Quality control processes to review draft financial statements should be improved to produce timely and accurate financial statements in accordance with federal and state filing requirements.

**Cause**

There was a lack of analytic review procedures included in the procedure to review draft financial statements to ensure their accuracy and completeness.

**Criteria**

Sufficient internal controls should be in place to enable the management to report financial data consistent with the assertions of management in a timely manner.

**Effect**

Financial statements are not produced accurately in a timely manner.

**Recommendation**

Implement analytic review procedures to assure the quality of the work performed to prepare financial statements.

**Management's Response**

We concur with the finding. We will continue to complete monthly analyses of the general ledger accounts and enhance the process by incorporating analytic procedures such as month and year-to-date comparisons to identify possible existence of errors in the financial statements.

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

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**PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION**

**FINDING 2005—1** **QUESTIONED COSTS: \$2,932**  
**STUDENT FINANCIAL ASSISTANCE CLUSTER—CFDA 84.007, 84.033, 84.063**  
**U.S. DEPARTMENT OF EDUCATION**

**Condition**

In one out of 25 selections for Student Eligibility testing, we noted the student did not earn any units during the Fall 2004 and Spring 2005 semesters and therefore did not qualify to receive any financial aid.

**Cause**

An error in the information input in the computer system caused the erroneous end-of-term status.

**Criteria**

Internal controls should be in place requiring the supervisor to review the accuracy of the program codes entered for students receiving financial assistance.

**Context**

The expenditures for Student Financial Assistance cluster were approximately \$48 million out of total federal expenditures of \$64 million.

**Effect**

Incorrect input of program codes in the computer system can result in payments to students not eligible to receive financial aid.

**Recommendation**

Establish review procedures to ensure that student's information in the computer system are correct and academic performance of students receiving financial aid is closely monitored by the supervisor.

**Management's Response**

Refer to page 17 for management's response and corrective action plan.

# CITY COLLEGES OF CHICAGO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2005

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### **FINDING 2005—2**

**QUESTIONED COSTS: \$1,132**

### **STUDENT FINANCIAL ASSISTANCE CLUSTER—CFDA 84.007, 84.033, 84.063 U.S. DEPARTMENT OF EDUCATION**

#### **Condition**

In two out of 25 selections for Return of Title IV Fund testing, we noted the funds were not returned to Department of Education within the 30 days as required by 34 CFR Section 668.22 (j).

#### **Cause**

Lack of timely submission of calculations by the colleges to the district office.

#### **Criteria**

Return of Title IV Funds are required to be deposited to the Student Financial Aid accounts or returned to the appropriate lender within 30 days after the date the institution determines that the student withdrew.

#### **Context**

The expenditures for Student Financial Assistance cluster were approximately \$48 million out of total federal expenditures of \$64 million.

#### **Effect**

Delay in the return of federal funds may result in penalties and reduction of future revenue.

#### **Recommendation**

Establish procedure to ensure that Return of Title IV funds calculations from the colleges are submitted to the district office in a timely manner.

#### **Management's Response**

Refer to page 17 for management's response and corrective action plan.

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2005**

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2005**

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**FINDING 2005—1**

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**Corrective Action Plan**

Person Responsible: Aretha Tharps      Completion Date: Fiscal 2006

We concur with this finding. The City Colleges of Chicago has implemented a new computer system for fiscal 2006. Continuous testing for such errors is performed in the new system and thus far, no errors have been detected. Program Compliance Officer will continue to review the integrity of the information in the new computer system.

**FINDING 2005—2**

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**Corrective Action Plan**

Person Responsible: Aretha Tharps      Completion Date: Fiscal 2006

We concur with this finding. The City Colleges of Chicago has implemented a new computer system for fiscal 2006. The District's Student Financial Managers will review and conduct monthly audits on Return of Title IV calculations to ensure that funds are returned within the federal regulatory guidelines.

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2005**

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508**

**SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2005**

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**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

**Finding 2004-2**

**Condition**

Closing procedures for financial records and quality control processes to review draft financial statements were not in place to produce timely financial statements in accordance with federal and state filing requirements.

**Management's Response**

Management concurs with the finding. Management has established closing procedures for the fiscal year 2005 with responsible persons and target dates of completion. All account reconciliations were reviewed and approved by an Associate Controller and Internal Auditor/Controller to ensure accuracy, adequate supporting documentation, and completeness. The current staff has attended training. The CAFR process is included in the year-end closing plan and includes a quality control process to ensure that the CAFR is appropriately tied out with adequate supporting documentation for notes and schedules included therein.

**Status**

Refer to the current year finding 2005-3

**PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2004-1—CLOSED**

**STUDENT FINANCIAL ASSISTANCE CLUSTER—CFDA 84.007, 84.033, 84.063  
U.S. DEPARTMENT OF EDUCATION**

**Condition**

In two out of 20 selections for Federal Work-Study Program, we noted that there were mathematical errors in calculations of the total hours worked that were reported on the time sheets.

**Corrective Action Plan**

We concur with this finding. The City Colleges of Chicago will review and improve its current written policies and procedures to ensure the accuracy of college work study payments. We will enforce adherence to the policies and procedures and ensure that all Financial Aid personnel participate in training workshops on a periodic basis throughout the year. Currently, the City Colleges of Chicago has a practice in place whereby payments in excess of the Department of Education's authorized amounts are funded by the college's unrestricted funds.

**Status**

D&T noted no exceptions during fiscal year 2005.