

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

Single Audit Act
Supplementary Financial and Compliance Report
June 30, 2023

**City Colleges of Chicago
Community College District No. 508
Fiscal year ended June 30, 2023**

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**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 Auditor's Report

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements, and have issued our report thereon dated November 30, 2023. That report includes an emphasis of matter related to restatements of beginning capital assets (subscription-based assets) and obligations (subscription-based liabilities), as of July 1, 2022, for the implementation of Governmental Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinions were not modified with respect to this matter. The financial statements of the discretely presented component unit (City Colleges of Chicago Foundation) were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City Colleges' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control. Accordingly, we do not express an opinion on the effectiveness of City Colleges' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Colleges' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Colleges; internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
November 30, 2023

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City Colleges of Chicago, Community College District No. 508's (City Colleges) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City Colleges' major federal programs for the year ended June 30, 2023. City Colleges' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City Colleges complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City Colleges and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City Colleges' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City Colleges' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City Colleges' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City Colleges' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City Colleges' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City Colleges' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City Colleges' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-006, 2023-007 and 2023-008. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City Colleges' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City Colleges' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007 and 2023-008, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City Colleges' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City Colleges' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of City Colleges as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements. We issued our report thereon dated November 30, 2023, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter paragraph relating to restatements of beginning capital assets (subscription-based assets) and obligations (subscription-based liabilities), as of July 1, 2022, for the implementation of Governmental Accounting Standards Board Statement Number 96, *Subscription-Based Information Technology Arrangements*. Our opinions were not modified with regard to this matter. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Chicago, Illinois
November 30, 2023

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Education -					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063			\$ 48,884,200	\$ -
Federal Work-Study Program	84.033			653,800	-
Federal Supplemental Educational Opportunity Grants	84.007			2,586,486	-
Federal Direct Student Loans	84.268			3,696,899	-
Total Student Financial Assistance Cluster:				55,821,385	-
TRIO Cluster:					
TRIO - Student Support Services					
Student Support Services	84.042A		P042A200869-21	36,361	-
Student Support Services	84.042A		P042A200869-22	230,770	-
Student Support Services	84.042A		P042A201422-21	28,422	-
Student Support Services	84.042A		P042A201422-22	233,052	-
Student Support Services	84.042A		P042A201393-21	23,279	-
Student Support Services	<u>84.042A</u>		P042A201393-22	250,034	-
Subtotal	84.042A			801,918	-
TRIO - Talent Search					
Talent Search	84.044A		P066A210039-22	30,194	-
Talent Search	<u>84.044A</u>		P066A210039-23	314,869	-
Subtotal	84.044A			345,063	-
TRIO - Educational Opportunity Centers					
Educational Opportunity Centers	84.066A		P066A210039-22	32,423	-
Educational Opportunity Centers	<u>84.066A</u>		P066A210039-23	210,034	-
Subtotal	84.066A			242,457	-
Total TRIO Cluster				1,389,438	-
Adult Education - Basic Grants to States					
Passed through the Illinois Community College Board					
Adult Education - Basic Grants to States	<u>84.002A</u>	AEFLA 1625-37550		1,781,974	-
Subtotal	84.002A			1,781,974	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Education - (Continued)					
Higher Education Institutional Aid					
Title V Northeastern Illinois University Cooperative	84.031S		P031S180151-21	\$ 67,735	\$ -
Title V Northeastern Illinois University Cooperative	84.031S		P031S180151-22	229,388	-
Mathematics, Engineering, Technology, Apoyo, and Science (METAS)	84.031C		P031C210013-22	88,629	-
Mathematics, Engineering, Technology, Apoyo, and Science (METAS)	84.031C		P031C210013-23	579,530	-
Predominantly Black Institutions Program - Formula Grants	84.031P		P031P210009-23	50,344	-
Predominantly Black Institutions Program - Formula Grants	84.031P		P031P210009-22	23,962	-
Predominantly Black Institutions Program - Formula Grants	84.031P		P031P210009-23	101,095	-
Passed through Northeastern Illinois University					
H.S.I. STEM and Articulation	<u>84.031C</u>	21061-210822-1-HWC		130,988	-
Subtotal	84.031			<u>1,271,671</u>	<u>-</u>
Career and Technical Education - Basic Grants to States					
Passed through the Illinois Community College Board					
Perkins III Grant	84.048	CTE50822		29,062	-
Perkins III Grant	<u>84.048</u>	CTE50823		864,497	-
Subtotal	84.048			<u>893,559</u>	<u>-</u>
COVID-19 Education Stabilization Fund					
Higher Education Emergency Relief Fund (HEERF)					
COVID 19 - HEERF Student Aid Portion	84.425E		P425E2026	12,005,160	-
COVID 19 - HEERF Institutional Portion	84.425F		P425F2032	29,996,979	-
COVID 19 - Minority Serving Institutions	84.425L		P425L2002	1,906,552	-
COVID 19 - HEERF SSARP	<u>84.425T</u>		P425T220514/19	1,149,230	-
Total Higher Education Relief Fund	84.425			<u>45,057,921</u>	<u>-</u>
Passed through the Illinois Community College Board					
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	684-00-2727		1,508,921	-
COVID-19 Governor's Emergency Education Relief Fund (GEER II)	<u>84.425C</u>	684-00-2455		246,918	-
	84.425			<u>1,755,839</u>	<u>-</u>
Passed through the Illinois Community College Board					
COVID-19 Maximizing On-Site and Virtual Experiences	<u>84.425P</u>	PL116-136		1,000,065	-
Subtotal	84.425			<u>1,000,065</u>	<u>-</u>
Total COVID-19 Education Stabilization Fund				<u>47,813,825</u>	<u>-</u>
Strengthening Minority-Serving Institutions					
Olive Harvey College	84.382A		P382A150033-21	129,491	-
Olive Harvey College	84.382A		P382A150033-22	59,486	-
Pipeline to Careers in Healthcare	84.382A		P382A150024-20	51,895	-
Pipeline to Careers in Healthcare	<u>84.382A</u>		P382A150024-21	209,565	-
Subtotal	84.382A			<u>450,437</u>	<u>-</u>

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
Research and Development Cluster:					
Fund for the Improvement of Postsecondary Education					
Veteran Student Success	84.116G		P116G220043	18,742	-
Illinois SCOERs: Support for the Creation of Open Educational Resources	84.116T		P116T210005	<u>36,849</u>	-
Subtotal	84.116			<u>55,591</u> *	-
Total Expenditures - U.S. Department of Education				<u>109,477,880</u>	-
U.S. Department of Health and Human Services -					
Head Start Cluster:					
Passed through the City of Chicago Department of Family and Support Services:					
Head Start Program	93.600	181584		\$ 194,634	\$ -
Head Start Program	93.600	228913		306,393	-
Early Head Start	93.600	181589		319,735	-
Early Head Start	93.600	228947		549,934	-
ARP Head Start	93.600	212953		27,220	-
ARP Early Head Start	93.600	212961		27,084	-
CRRSA Head Start	93.600	228146		3,797	-
CRRSA Early Head Start	93.600	226850		3,797	-
CELWS Head Start IGA	<u>93.600</u>	189414		<u>247,328</u>	-
Total Headstart Cluster	93.600			<u>1,679,922</u>	-
Public Health Service Act					
Passed through Health Resources and Services Administration:					
Mental and Behavioral Health Education and Training Grants					
Opioid Family Support	93.732	T26HP39443		293,205	-
HRSA Community Health Worker Training Program					
Passed through Health Resources and Services Administration:					
Mental and Behavioral Health Education and Training Grants					
	<u>93.732</u>	T26HP39443		<u>20,885</u>	-
Total	93.732			<u>314,090</u>	-
Child Care and Development Block Grant					
Passed through the Illinois State Board of Education:					
Early Childhood Access Consortium for Equity Act (ECACE)	93.575	684-05-2866		<u>1,218,809</u>	-
Biomedical Research and Research Training					
Passed through the National Institute of Health and the University of Illinois at Chicago:					
Bridges to the Baccalaureate Research Training Program	93.859	1T34GM142627-01		<u>12,375</u> *	-
Total Expenditures - U.S. Department of Health and Human Services				<u>3,225,196</u>	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Agriculture -					
Passed through the Illinois State Board of Education:					
Child and Adult Care Food Program	10.558	15016508051		3,999	-
Child and Adult Care Food Program	10.558	15016508051		140,597	-
Total Expenditures - U.S. Department of Agriculture				144,596	-
U.S. Department of Labor -					
Registered Apprenticeship					
Passed through Illinois Department of Commerce and Economic Opportunity and Bradley University:					
Illinois Manufacturing Excellence Center (IMEC)	17.285	37-1368934		\$ 32,554	\$ -
Passed through the American Association of Community Colleges:					
Apprenticeships Initiative (ECCA)	17.285	AP330251975A11		2,640	-
Subtotal	17.285			35,194	-
H-1B Job Training Grants					
Passed through the Illinois Community College Board					
H-1B Job Training Grants - CAP-IT Apprenticeship Grant	17.268	684-00-2334		225,991	-
Total Expenditures - U.S. Department of Labor				261,185	-
National Science Foundation -					
Research and Development Cluster: STEM Education					
Organizational Change for Gender Equity in STEM Academic Professions					
ADVANCE Catalyst Participatory Action Research	47.076		2140262	124,476	-
Passed through Chicago State University:					
Exploring the Impact of Cultural Wealth and Scholarships					
S-STEM Scholars Program	47.076	DUE-1833435		176,061	-
Building Capacity: Building Bridges into Engineering and Computer Science					
Computer Science	47.076	DUE-1832553		264,635	-
Developing a Biotechnology Degree Program to Train Skilled Biotechnicians in Chicago					
Biotechnicians in Chicago	47.076	DUE-2100370		122,508	-
Research and Development Cluster					
				687,680 *	-
Total Expenditures - National Science Foundation				687,680	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Transportation -					
Passed through the Illinois Department of Transportation: Highway Planning and Construction Cluster: Federal Highway Administration					
Highway Planning and Construction	20.205	S-HCCTP-510		253,409	-
Total Highway Planning and Construction Cluster				253,409	-
Total Expenditures - U.S. Department of Transportation				253,409	-
* Total Research and Development Cluster \$758,117					
U.S. Department of Justice -					
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus Office on Violence Against Women					
Project SAFE	16.525		2020-WA-AX-0008	\$ 333,367	\$ -
Crime Victim Assistance Passed through the Illinois Criminal Justice Information Authority					
Victim of Crime Act	16.575	546-00-1745		664,261	-
Total Expenditures - U.S. Department of Justice				997,628	-
U.S. Department of Defense					
Passed through the Office of Naval Research National Defense Education Program Advancing Opportunities for Women in STEM					
	12.006	N62880		1,001,801	-
Total Expenditures - U.S. Department of Defense				1,001,801	-
U.S. Department of Treasury					
Coronavirus State and Local Fiscal Recovery Funds Passed through the City of Chicago Department of Family and Support Services:					
COVID-19 Apprenticeships & Work-Based Learning	21.027	212797		556,335	-
Coronavirus State and Local Fiscal Recovery Funds Passed through the Illinois Community College Board:					
COVID-19 College Bridge	21.027	684-05-2840		603,005	-
State and Local Fiscal Recovery Fund Program Passed through the Illinois Department of Commerce and Economic Opportunity:					
COVID-19 Job Training Economic Development Program (JTED)	21.027	420-27-2731		105,397	-
Total Expenditures - U.S. Department of Treasury, total				1,264,737	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

Federal Grantor / Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Provided To Subrecipients
U.S. Department of Energy					
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance					
Passed through the University of Illinois at Chicago: University of Illinois Chicago's Industrial Assessment Center	81.117	DE-EE0009714		41,771	-
Office of Science Financial Assistance Program Community Research on Climate and Urban Science Grant (CROCUS)	81.049		DE-SC0023299	2,471 *	-
Total Expenditures - U.S. Department of Energy				44,242	-
Total Expenditures of Federal Awards				\$ 117,358,354	\$ -

See Notes to the 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, 2023**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 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 seven colleges are Richard J. Daley College, Harold Washington College, Kennedy-King College, Malcolm X College, Olive-Harvey College, Harry S. Truman College, and Wilbur Wright College. The Board of Trustees, appointed by the Mayor of the City of Chicago and ratified by the City Council of Chicago, 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 audit performed in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Fiscal period audited: Single Audit testing procedures were performed for program transactions that occurred during the fiscal year ended June 30, 2023.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City Colleges under programs of the federal government for the year ended June 30, 2023 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of City Colleges, it is not intended to and does not present the financial position changes in net position, or cash flows of City Colleges.

Note 3. Indirect Costs

Cost allocation: City Colleges has a plan for allocation of common and indirect costs related to grant programs in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The indirect cost rate used to allocate amounts to grant programs during the fiscal year ended June 30, 2023 is primarily based on a federally negotiated higher education rate agreement of 53%. Because City Colleges negotiated an indirect cost rate, it cannot elect to use the 10% de minimis rate.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2023**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

Note 4. Federal Student Loan Programs

Loans made under the Federal Direct Student Loan program (Assistance Listing Number 84.268) issued to eligible students of City Colleges during the fiscal year ended June 30, 2023, are summarized as follows:

Guaranteed Loan Programs:	
Subsidized	\$ 1,912,557
Unsubsidized	<u>1,784,380</u>
Total Federal Student Loan Programs	<u>\$ 3,696,937</u>

The loan programs include subsidized and unsubsidized loans. The value of loans issued for the Federal Student Loan Program is based on disbursement amounts. The loan amounts issued during the year are disclosed on the schedule. City Colleges is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in City Colleges' basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of City Colleges at June 30, 2023.

Note 5. Amount of Federal Insurance in Effect During the Year

No federal insurance was received by City Colleges during the year ended June 30, 2023.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Identification of major program:

<u>Assistance Listing Numbers</u>	<u>Names of Federal Programs or Cluster</u>
84.063, 84.033, 84.007, 84.268	Student Financial Assistance Clusters
84.425E, 84.425F, 84.425L, 84.425T, 84.425C, 84.425P	COVID-19: Education Stabilization Fund: Higher Education Emergency Relief Fund (HEERF) COVID-19: HEERF Student Aid Portion COVID-19: HEERF Institutional Portion COVID-19: HEERF Minority Serving Institution COVID-19: HEERF SSARP COVID-19: Governor’s Emergency Education Relief Fund COVID-19: Maximizing On-Site and Virtual Experiences

Dollar threshold used to distinguish between
type A and type B programs \$3,000,000

Auditee qualified as low-risk auditee? Yes X No

Section II. FINANCIAL STATEMENT FINDINGS

No matters to report.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS

Finding 2023-001 – Enrollment Reporting

Repeat Finding: Yes

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Pell Grant Program: 84.063
Federal Direct Student Loans: 84.268
Federal Award Year 2022-2023

Condition

For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

Criteria

CFR section 685.309 and 690.83(b)(2) requires City Colleges to notify the NSLDS within 30 days of a change in student status or include the change in status in a response to an enrollment reporting roster within 60 days of the student's date of determination of withdrawal.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure accurate reporting of enrollment status changes.

Questioned Costs

There were no questioned costs related to testing of enrollment reporting.

Cause

The financial aid office does not have an effective system in place to ensure all official student status changes are reported to the lender accurately.

Prevalence

Infrequent. Four out of sixty students selected for testing.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Effect

Failure to report status changes timely is noncompliance with Federal regulation and could result in loss of future funding.

Recommendation

We recommend City Colleges implement monitoring procedures which will promptly notify the financial aid office of any student status changes. A system of monitoring procedures and/or controls will ensure the College is reporting any status changes to the lender accurately. City Colleges should implement a review process to ensure all status changes are addressed by the financial aid office.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-002 – Short-Term Program Completion and Placement Rates

Repeat Finding: Yes

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Award Year 2022-2023

Condition

The College did not achieve the required 70% completion rate for a short-term program. The College cannot demonstrate compliance with the gainful employment placement rate calculation for a short-term program.

Criteria

For the Direct Loan Program, short-term eligible programs at a postsecondary vocational institution must be between 300 - 599 clock hours. They must have been provided for at least one year and must have a substantiated completion and placement rate of at least 70 percent for the most recently completed award year. 34 CFR Section 668.8(f) and (g) requires the college to have documentation supporting its placement rates for each student showing that the student obtained gainful employment in the recognized occupation for which he or she was trained or in a related comparable recognized occupation.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria *(continued)*

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure compliance with completion and placement rate calculations for short-term programs.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

The financial aid office did not follow-up on the gainful employment of students.

Prevalence

Frequent. Two out of two students who completed the program did not have sufficient support for the placement rate calculation. Five out of seven students tested did not successfully complete the programs resulting in a completion rate below 70%.

Effect

Failure to calculate the placement data for each student or achievement of the required completion rate is noncompliance with Federal regulation and could result in loss of future funding

Recommendation

We recommend City Colleges enhance their policies and procedures to ensure that calculation of placement rates is being maintained and that completion rates are being monitored for compliance.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-003 – Common Origination and Disbursement (COD) Reporting

Repeat Finding: No

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Pell Grant Programs: 84.063
Federal Award Year 2022-2023

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Condition

For ten out of forty students tested (25%), the College did not report certain disbursements of financial aid to COD within the require fifteen days from the date of disbursement. In all instances, the disbursements were reported one day late.

Criteria

For the Direct Loan and Pell Grant Programs, Institutions must report student disbursement data to COD within 15 calendar days after the institution makes a disbursement or becomes aware of the need to make an adjustment to previously reported student disbursement data or expected student disbursement data. Institutions may do this by reporting once every 15 calendar days, bi-weekly or weekly, or may set up their own system to ensure that changes are reported in a timely manner.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls deigned to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure timeliness of transmission of disbursement records to COD.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

The financial aid office inadvertently miscalculated the reporting date.

Prevalence

Frequent. Ten out of forty students selected for testing.

Effect

Failure to report disbursement records to COD could result in loss of future funding.

Recommendation

We recommend City Colleges enhance their policies and procedures to ensure COD disbursement records are transmitted to COD within the required timeframe.

Views of responsible officials

We agree with this finding. See corrective action plan.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Finding 2023-004– Cash Management – Excess Cash

Repeat Finding: No

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Pell Grant Program: 84.063
Federal Award Year 2022-2023

Condition

During our cash management testing, we identified the following instances of excess cash:

- Kennedy King College had excess cash for the Pell Grant Program ranging from \$34,408 to \$175,609 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period, as outlined below.
- Kennedy King College had excess cash for the Direct Loan Program ranging from \$1,349 to \$4,318 during the period of November 29, 2022 through December 13, 2022, from \$1,508 to \$3,948 during the period of January 6, 2023 through January 16, 2023 and from \$3,207 to \$5,137 during the period of June 15, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns, however, amounts were not returned within a seven-day period, as outlined below.
- Truman College had excess cash for the Pell Grant Program ranging from \$164,625 to \$262,034 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period, as outlined below.
- Truman College had excess cash for the Direct Loan Program ranging from \$2,731 to \$8,669 during the period of January 20, 2023 through February 16, 2023 and from \$752 to \$10,028 during the period of April 28, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns, however, amounts were not returned within a seven-day period, as outlined below.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria

Uniform Grant Guidance (34 CFR 668.166) states the Secretary considers excess cash to be any amount of title IV, HEA program funds, other than Federal Perkins Loan program funds, that an institution does not disburse to students by the end of the third business day following the date the institution (1) received those funds from the Secretary; or (2) deposited or transferred to its depository account previously disbursed title IV, HEA program funds, such as those resulting from awards adjustments, recoveries, or cancellations. An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount of excess cash remaining in its account after the seven-day tolerance period.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure excess cash is properly handled.

Questioned Costs

Questioned costs would be those in excess of the one percent threshold. Questioned costs for the Kennedy King College Pell Grant Program excess cash ranged from \$486 to \$133,996. Questioned costs for Truman College Grant Program excess cash ranged from \$108,399 to \$205,809.

Cause

The College drew down funds available in the G5 system as opposed to drawing down expected student disbursement amounts.

Effect

Excess cash is noncompliance with Federal regulation and could result in the loss of future funding and the return of additional funds.

Recommendation

We recommend City Colleges review current processes for monitoring cash management and implement procedures that eliminate excess cash.

Views of responsible officials

We agree with this finding. See corrective action plan.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Finding 2023-005– Student Financial Assistance Cluster Internal Control over Compliance

Repeat Finding: No

Federal Program Title – U.S. Department of Education
Student Financial Assistance Cluster
Federal Direct Student Loans: 84.268
Federal Pell Grant Program: 84.063
Federal Work-Study Program: 84.033
Federal Supplemental Educational Opportunity Grants: 84.007
Federal Award Year 2022-2023

Condition

City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- Allowable Activities: For each of the seven campuses, City Colleges did not have sufficient supporting evidence that review controls were performed over the transfer, carryforward, carryback, and administrative cost calculations in the Fiscal Operations Report and Application to Participate (FISAP) for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.
- Reporting: For each of the seven campuses, City Colleges did not have sufficient supporting evidence that secondary review controls were performed over FISAP data for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.

Criteria

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure the review and approval controls over allowable activities, eligibility and reporting compliance requirements are sufficiently documented.

Questioned Costs

There were no questioned costs with respect to this finding.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Cause

City Colleges did not formally document the additional reviews and approvals over the department's review of the FISAP.

Effect

For allowable activities, the lack of properly documented reviews in carryforward, carryback, and administrative cost calculations could result in errors that would impact future funding determinations. For eligibility, the lack of properly documented reviews could result in over or under awards to students which could result in loss of future funding. For reporting, the lack of properly documented reviews over the FISAP, could result in loss of future funding.

Recommendation

We recommend City Colleges implement controls to ensure that sufficient documentation is maintained over review controls associated with eligibility, allowable costs and reporting.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-006– Gramm-Leach Bliley Act—Student Information Security

Repeat Finding: No

Federal Program Title – U.S. Department of Education

Student Financial Assistance Cluster

Federal Direct Student Loans: 84.268

Federal Pell Grant Program: 84.063

Federal Work-Study Program: 84.033

Federal Supplemental Educational Opportunity Grants: 84.007

Federal Award Year 2022-2023

Condition

City Colleges did not have a documented policy to address a required safeguard for one of the eight required elements under the Gramm-Leach Bliley Act (GLBA). Specifically, the City Colleges did not conduct a periodic inventory of data, noting where it's collected, stored or transmitted.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Criteria

In accordance with 16 CFR 314.4(c), an institution's written information security program must address the implementation of the minimum safeguards identified in 16 CFR 314.4(c)(1) through (8). This includes the following: (1) implement and periodically review access controls, (2) conduct a periodic inventory of data, noting where it's collected, stored or transmitted, (3) encrypt customer information on the institution's system and when it's in transit, (4) assess apps developed by the institution, (5) implement multi-factor authentication for anyone accessing customer information on the institution's system, (6) dispose of customer information securely, (7) anticipate and evaluate changes to the information system or network, and (8) maintain a log of authorized users' activity and keep an eye out for unauthorized users.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure that reviews are being completed over information security policies and in compliance with GLBA requirements.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

City Colleges does not have a periodic data inventory in place. The policy is under development with an expected completion date of Spring 2024.

Effect

Failure to meet the minimum requirements of the GLBA act is noncompliance and increases the risk of unauthorized disclosure, misuse, alteration, destruction, or other compromise of student information.

Recommendation

We recommend City Colleges implement controls to ensure that GLBA requirements are reviewed and addressed in a formally documented policy.

Views of responsible officials

We agree with this finding. See corrective action plan.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

**Finding 2023-007 – COVID-19 Education Stabilization Fund: Higher Education
Emergency Relief Fund Annual Reporting**

Repeat Finding: Partial

Federal Program Title – U.S. Department of Education
COVID-19 Education Stabilization Fund
Higher Education Emergency Relief Fund (HEERF)
COVID-19: HEERF Institutional Portion 84.425F
Federal Award Year 2022-2023

Condition

City Colleges did not accurately report certain information required in the calendar year 2022 annual report. The following instances of noncompliance were identified:

- HEERF Institutional Portion: City Colleges submitted the annual report for Olive Harvey for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$234,118 which was a result of a figure being double counted in the total.
- HEERF Institutional Portion: City Colleges submitted the annual report for Malcolm X for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$5,580,216 which was a result of a figure being double counted in the total.

Criteria

The Department of Education requires the submission of a “Higher Education Emergency Relief Fund (HEERF) I, II, & III Annual Performance Report” to be submitted on a calendar year basis. The third annual report covered the period of January 1, 2022 – December 31, 2022 and was due in March 2023.

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure the timely and accurate posting of reports.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

City Colleges did not have effective internal controls in place to ensure reports were submitted accurately. Reports were reviewed before submission, but those reviews were not precise enough.

Prevalence

Infrequent. 35 reports were required to be submitted in fiscal year 2023 relative to HEERF Student, Institutional, MSI and Annual reporting. 2 reports contained 1 field that was inaccurate.

Effect

The submission of inaccurate reports is noncompliance with the requirements of the grant award and could result in other penalties.

Recommendation

We recommend City Colleges implement internal controls to ensure reports are submitted accurately for the final annual report that is anticipated to be due in early 2024.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2023-008 – Student Financial Assistance Cluster – Fraudulent Enrollment

Repeat Finding: No

Federal Program Title – U.S. Department of Education

Student Financial Assistance Cluster

Federal Pell Grant Program: 84.063

Federal Work-Study Program: 84.033

Federal Supplemental Educational Opportunity Grants: 84.007

Federal Direct Student Loans: 84.268

Federal Award Year 2022-2023

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Condition

City Colleges did not timely report information regarding potential fraudulent student enrollments to the Department of Education’s Office of Inspector General (OIG). City Colleges identified a total of 23 students where the Enrollment and Admissions Departments discovered submission of fraudulent documents to verify residency. City Colleges performed a thorough investigation of student enrollment and verified that no aid was disbursed for these identified fraudulent enrollments.

Criteria

In accordance with Chapter 3 “FSA Administrative and Related Requirements” of the Federal Student Aid Handbook, the Department of Education requires that “a school must refer any credible information indicating that an applicant for federal student aid may have engaged in fraud or other criminal misconduct in connection with his or her application.”

2 CFR Section 200.303 requires entities receiving Federal awards establish and maintain internal controls deigned to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures in place to ensure all Department of Education requirements are followed.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

City Colleges experienced turnover in the Admissions Department and was training a new employee. The new employee did not have enough training or experience to identify fraudulent documents when the students enrolled with the college and registered for classes. City Colleges was not aware that this issue was required to be reported to the Department of Education.

Prevalence

Infrequent. 23 fraudulent applications were identified.

Effect

The inability to identify fraudulent documents could result in the incorrect distribution of student financial aid.

**City Colleges of Chicago
Community College District No. 508
Schedule of Findings and Questioned Costs
Fiscal year ended June 30, 2023**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Recommendation

We recommend City Colleges increase training around reporting requirements to the U.S. Department of Education when fraudulent student enrollments occur.

Views of responsible officials

We agree with this finding. See corrective action plan.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Identifying Number: Finding 2022-001 – COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund Reporting

Audit Finding: City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- HEERF Student Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly student report prior to submission.
- HEERF MSI Reporting: City Colleges did not have sufficient supporting evidence that review controls were performed over the July 1, 2021 – September 30, 2021 quarterly report prior to submission

City Colleges did not publicly post certain required reports accurately. The following instance of noncompliance was identified:

- HEERF Student Portion: City Colleges posted a report on July 8, 2021 for Wilbur Wright for the period of April 1, 2022 – June 30, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$307,750.

Status: Partially Corrected. Repeat finding in fiscal year 2023. See finding 2023-007.

Corrective Action Taken:

The Department of Ed has given the institution the authorization to amend prior quarterly and annual reports that was posted in error. Student Financial and the Financial Aid Office will continue to fine-tune the Review & Approval Process for all quarterly and annual reports. Part-Time Project Manager for Finance will continue to monitor Dept of ED for any HEERF Updates while validating all review and approval documents.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Identifying Number: Finding 2022-002 – Return of Title IV Funds – Enrollment Reporting

Audit Finding

- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records. The student's status change at the campus level and program were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For two out of sixty students tested (3%) who withdrew from City Colleges, the students' status change at the campus level and program level were not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For nine out of sixty students tested (15%) who withdrew from City Colleges, the students' status change at the campus level and program level was never reported the National Student Loan Data System (NSLDS).
- For six out of sixty students tested (10%) who withdrew from City Colleges, the students' status change at the program level was never reported the National Student Loan Data System (NSLDS).
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the program level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For one out of sixty students tested (2%) who withdrew from City Colleges, the student's status change at the campus level was not reported to the National Student Loan Data System (NSLDS) within the 60-day requirement.
- For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal status reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

Status: Partially Corrected. Repeat finding in fiscal year 2023. See finding 2023-001.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Corrective Action Taken:

The enrollment reporting functions are housed in the college's registrar office and separate from financial aid. An enrollment file is generated at the district level and uploaded quarterly. The Registrar's Office & Financial Aid Office created a weekly meeting to update its enrollment reporting procedures and create a reconciliation process to ensure all students are reported to NSLDS.

Identifying Number: Finding 2022-003 – Short-Term Program Placement Rate

Audit Finding

The College cannot demonstrate compliance with the gainful employment placement rate of 70% calculation for the short-term program at a post-secondary vocational institution.

Status: Uncorrected. Repeat finding in fiscal year 2023. See finding 2023-002.

Corrective Action Taken:

The Financial Aid Office will work with campus leadership to develop a gainful employment reporting process at Daley College and Wright College for short term programs. The reporting structure will include an outreach protocol to be completed and reported on currently enrolled during End of Term Processing for each semester.

RSM US LLP
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CORRECTIVE ACTION PLANS

Finding 2023-001 – Enrollment Reporting

Condition

For four out of sixty students tested (7%) who withdrew from City Colleges, the students' withdrawal date reported to the National Student Loan Data System (NSLDS) for campus level and program level did not match the institution's records.

Cause

The financial aid office does not have an effective system in place to ensure all official student status changes are reported to the lender accurately.

Corrective Action Taken or Planned

City Colleges sends enrollment files of all students to the National Student Clearinghouse monthly, who then reports CCC enrollment data to NSLDS. City Colleges (Records, Financial Aid, Decision Support and the Office of Information Technology) continues to meet bi-weekly to review and update the enrollment reporting logic to ensure the dates for student enrollment actions align at the campus level and the program level.

Contact Person: Laura Clark, Associate Vice Chancellor, Academic Systems and Tiffany Morrison, Associate Vice Chancellor, Financial Aid.

Anticipated Completion Date: May 1, 2024

Finding 2023-002 – Short-Term Program Completion and Placement Rates

Condition

The College did not achieve the required 70% completion rate for a short-term program. The College cannot demonstrate compliance with the gainful employment placement rate calculation for a short-term program.

CORRECTIVE ACTION PLANS *(Continued)*

Cause

The financial aid office did not follow-up on the gainful employment of students.

Corrective Action Taken or Planned

The Financial Aid Office will work with campus leadership and staff to ensure an accurate reporting process is in place to track gainful employment and completion. Documentation will be required by campus leadership to show communication efforts for students.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

Finding 2022-003 – Common Origination and Disbursement (COD) Reporting

Condition

For ten out of forty students tested (25%), the College did not report certain disbursements of financial aid to COD within the require fifteen days from the date of disbursement. In all instances, the disbursements were reported one day late.

Cause

The financial aid office inadvertently miscalculated the reporting date.

Corrective Action Taken or Planned

Financial Aid will add additional monitoring controls of COD files to ensure timely reporting.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

Finding 2022-004 – Cash Management – Excess Cash

Condition

During our cash management testing, we identified the following instances of excess cash:

CORRECTIVE ACTION PLANS *(Continued)*

- Kennedy King College had excess cash for the Pell Grant Program ranging from \$34,408 to \$175,609 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period.
- Kennedy King College had excess cash for the Direct Loan Program ranging from \$1,349 to \$4,318 during the period of November 29, 2022 through December 13, 2022, from \$1,508 to \$3,948 during the period of January 6, 2023 through January 16, 2023 and from \$3,207 to \$5,137 during the period of June 15, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns, however, amounts were not returned within a seven-day period.
- Truman College had excess cash for the Pell Grant Program ranging from \$164,625 to \$262,034 during the period of November 14, 2022 through January 31, 2023. In these situations, the excess cash exceeded one percent of total prior year drawdowns and amounts were not returned within a seven-day period.
- Truman College had excess cash for the Direct Loan Program ranging from \$2,731 to \$8,669 during the period of January 20, 2023 through February 16, 2023 and from \$752 to \$10,028 during the period of April 28, 2023 through June 29, 2023. In these situations, the excess cash did not exceed one percent of total prior year drawdowns; however, amounts were not returned within a seven-day period.

Cause

The College drew down funds available in the G5 system as opposed to drawing down expected student disbursement amounts.

Corrective Action Taken or Planned

District Office Financial Aid will develop and implement better controls and procedures for monitoring the timing of the draw downs and student disbursements as well as controls to monitor the return of excess cash, if any, within the 7-day period. During the middle of a semester, timely reconciliations will be prepared, reviewed and approved prior to the next draw down to ensure the acceptable amount is drawn down and disbursed timely to the students.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

CORRECTIVE ACTION PLANS *(Continued)*

Finding 2023-005– Student Financial Assistance Cluster Internal Control over Compliance

Condition

City Colleges did not have sufficient documentation that internal controls were in place and operating effectively relative to the following areas:

- **Allowable Activities:** For each of the seven campuses, City Colleges did not have sufficient supporting evidence that review controls were performed over the transfer, carryforward, carryback, and administrative cost calculations in the Fiscal Operations

Report and Application to Participate (FISAP) for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.

- **Reporting:** For each of the seven campuses, City Colleges did not have sufficient supporting evidence that secondary review controls were performed over FISAP data for award year July 1, 2021 through June 30, 2022 submitted during fiscal year 2023.

Cause

City Colleges did not formally document the additional reviews and approvals over the department’s review of the FISAP.

Corrective Action Taken or Planned

Financial Aid will develop and document a review/approval process that will detail accurate reporting, secondary reviews, and review/approval of FISAP submissions and completions.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid

Anticipated Completion Date: December 31, 2023

Finding 2023-006– Gramm-Leach Bliley Act—Student Information Security

Condition

City Colleges did not have a documented policy to address a required safeguard for one of the eight required elements under the Gramm-Leach Bliley Act (GLBA). Specifically, the City Colleges did not conduct a periodic inventory of data, nothing where it’s collected, stored or transmitted.

CORRECTIVE ACTION PLANS *(Continued)*

Cause

City Colleges does not have a periodic data inventory in place. The policy is under development with an expected completion date of December 2023.

Corrective Action Taken or Planned

CCC will refresh the current data inventory and instate periodic inventory refresh procedures by December 31, 2023.

Contact Person: Zarko Njakara, Interim CIO

Anticipated Completion Date: December 31, 2023

Finding 2023-007 – COVID-19 Education Stabilization Fund: Higher Education Emergency Relief Fund Annual Reporting

Condition

City Colleges did not accurately report certain information required in the calendar year 2022 annual report. The following instances of noncompliance were identified:

- HEERF Institutional Portion: City Colleges submitted the annual report for Olive Harvey for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$234,118 which was a result of a figure being double counted in the total.
- HEERF Institutional Portion: City Colleges submitted the annual report for Malcolm X for the period of January 1, 2022 – December 31, 2022 which did not reconcile to the underlying expense detail as of the date of the report. The difference was \$5,580,216 which was a result of a figure being double counted in the total.

Cause

City Colleges did not have effective internal controls in place to ensure reports were submitted accurately.

CORRECTIVE ACTION PLANS *(Continued)*

Corrective Action Taken or Planned

Finance will validate and review the OH and MX 2023 annual report for HEERF prior to submission in 2024. Financial Aid will submit the required HEERF Annual Reporting Correction for OH and MX. In addition, will submit the final required 2023 HEERF annual report.

Contact Person: Tiffany Morrison, Associate Vice Chancellor, Financial Aid.

Anticipated Completion Date: December 31, 2023

Finding 2023-008 – Student Financial Assistance Cluster – Fraudulent Enrollment

Condition

City Colleges did not timely report information regarding potential fraudulent student enrollments to the Department of Education's Office of Inspector General (OIG). City Colleges identified a total of 23 students where the Enrollment and Admissions Departments discovered submission of fraudulent documents to verify residency. City Colleges performed a thorough investigation of student enrollment and verified that no aid was disbursed for these identified fraudulent enrollments

Cause

City Colleges experienced turnover in the Admissions Department and was training a new employee. The new employee did not have enough training or experience to identify fraudulent documents when the students enrolled with the college and registered for classes. City Colleges was not aware that this issue was required to be reported to the Department of Education.

Corrective Action Taken or Planned:

The College will review and monitor the Department of Education regulations. The Student Financial Aid will continue to train employees on the regulations and will timely report issues to the Department of Education.

Contact Person: Tiffany Morrison, Associate Vice Chancellor – Financial Aid & Scholarship

Anticipated Completion Date: In progress

Please contact us if you would like additional copies of the Annual Comprehensive Financial Report for the year ended June 30, 2023: <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports>

For further information or to learn about our educational, operational and employment opportunities, please visit the CCC website at <http://www.ccc.edu>.

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