

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

Single Audit Act
Supplementary Financial and Compliance Report
June 30, 2020

**City Colleges of Chicago
Community College District No. 508
Fiscal year ended June 30, 2020**

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RSM US LLP

**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
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, the financial statements of City Colleges of Chicago, Community College District No. 508 (City Colleges), as of and for the year ended June 30, 2020, 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, 2020.

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 the 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 may exist that have not been identified.

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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Chicago, Illinois
November 30, 2020

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
City Colleges of Chicago
Community College District No. 508

Report on Compliance for 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 described 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, 2020. City Colleges' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City Colleges' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 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). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City Colleges' compliance.

Opinion on Each Major Federal Program

In our opinion, City Colleges' complied, in all material respects, with the types of 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, 2020.

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 2020-001, 2020-002, 2020-003, 2020-004, 2020-005, and 2020-006. Our opinion on each major federal program is not modified with respect to these matters.

City Colleges' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and in the corrective action plans. City Colleges' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of City Colleges is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City Colleges' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City Colleges' internal control over compliance.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 City Colleges' as of and for the year ended June 30, 2020 and have issued our report thereon dated November 30, 2020 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Chicago, Illinois
February 3, 2021

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Pass -Through To Subrecipients
U.S. Department of Education -					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063				
Total Federal Pell Grant				\$ 51,518,868	\$ -
Federal Work-Study Program	84.033				
Total Federal Work-Study Program				1,142,782	-
Federal Supplemental Educational Opportunity Grants Program	84.007				-
Total Federal Supplemental Educational Opportunity Grants				1,985,863	-
Federal Direct Student Loans	84.268				
Total Federal Direct Student Loans				4,105,263	-
Total Student Financial Assistance Cluster:				58,752,776	-
TRIO Cluster:					
TRIO- Student Support Services					
Student Support Services Program	84.042A		P042A151046-18	39,738	-
Student Support Services Program	84.042A		P042A151046-19	268,760	-
Student Support Services Program	84.042A		P042A150138-18	34,130	-
Student Support Services Program	<u>84.042A</u>		P042A150138-19	266,767	-
Subtotal 84.042A				609,395	-
TRIO - Talent Search Program:					
Talent Search Grant	84.044A		PO44A160557-18	39,130	-
Talent Search Grant	<u>84.044A</u>		PO44A160557-19	210,430	-
Subtotal 84.044A				249,560	-
TRIO - Educational Opportunity Centers					
Educational Opportunity Centers Program	84.066A		PO66A160284-18	25,502	-
Educational Opportunity Centers Program	<u>84.066A</u>		PO66A160284-19	206,108	-
Subtotal 84.066A				231,610	-
Total TRIO Cluster				1,090,565	-
Adult Education - Basic Grants to States					
Passed through the Illinois Community College Board					
Adult Education Grant - Basic	84.002A	F5080020		2,257,185	-

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Pass-Through To Subrecipients
U.S. Department of Education - (Continued)					
Higher Education Institutional Aid					
Truman College Critical Reading and Science Centers	84.031S		P031S150026-18	\$ 90,883	\$ -
Truman College Critical Reading and Science Centers	84.031S		P031S150026-19	369,933	-
Subtotal 84.031S				<u>460,816</u>	<u>-</u>
Career and Technical Education - Basic Grants to States					
Passed through the Illinois Community College Board					
Perkins III Grant	84.048	CTE50819		14,115	-
Perkins III Grant	84.048	CTE50820		1,686,397	-
Subtotal 84.048				<u>1,700,512</u>	<u>-</u>
Career and Technical Education					
Passed through the Illinois Community College Board					
Perkins Leadership Grant	84.048	LEAD50820		86,237	-
Total 84.048				<u>1,786,749</u>	<u>-</u>
Higher Education Emergency Relief Fund (HEERF)					
COVID 19 - HEERF Student Aid Portion	84.425E			4,143,782	-
COVID 19 - HEERF Institutional Portion	84.425F			2,034,712	-
COVID 19 - Minority Serving Institutions	84.425L			1,320,534	-
Total Higher Education Relief Fund				<u>7,499,028</u>	<u>-</u>
Strengthening Minority-Serving Institutions					
PBI Faculty Learning Committee	84.382A		P382A150033-18	86,471	-
PBI Faculty Learning Committee	84.382A		P382A150033-19	361,695	-
Pipeline to Careers in Healthcare	84.382A		P382A150024-18	115,904	-
Pipeline to Careers in Healthcare	84.382A		P382A150024-19	392,012	-
Subtotal 84.382A				<u>956,082</u>	<u>-</u>
Total Expenditures - U.S. Department of Education				<u>72,803,201</u>	<u>-</u>

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Pass -Through To Subrecipients
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	122407-4		\$ 280,632	\$ -
Head Start Program	93.600	122407-5		785,462	-
Early Head Start	93.600	122611-5		55,524	-
Head Start Support Services Program	93.600	126890-4		128,591	-
Head Start Support Services Program	93.600	126890-5		93,536	-
Early Head Start Support Services - Child Care Partnership	93.600	122624-4		72,101	-
Early Head Start Support Services - Child Care Partnership	93.600	122624-5		2,045	-
Early Head Start Support Services - CCP - T&TA	93.600	126032-5		50,955	-
Early Head Start Support Services	93.600	125709-4		12,567	-
Early Head Start Support Services	<u>93.600</u>	125709-5		22,058	-
Subtotal	93.600			<u>1,503,471</u>	<u>-</u>
CCDF Cluster					
Passed through the City of Chicago Department of Family and Support Services:					
Child Care Services Program	93.596	81654		6,489	-
Subtotal	93.596			<u>6,489</u>	<u>-</u>
Oral Health					
Passed through Illinois Department of Public Health:					
Oral Health Workforce Grant	93.236	83489101F		6,465	-
Oral Health Workforce Grant	<u>93.236</u>	83489101F		10,920	-
Subtotal	93.236			<u>17,385</u>	<u>-</u>
Total Expenditures - U.S. Department of Health and Human Services				<u>1,527,345</u>	<u>-</u>
U.S. Department of Agriculture -					
Passed through the Illinois State Board of Education					
Child and Adult Care Food Program	10.558	15016508051		141,352	-
Child and Adult Care Food Program	<u>10.558</u>	15016508051		126,925	-
Subtotal	10.558			<u>268,277</u>	<u>-</u>
Total Expenditures - U.S. Department of Agriculture				<u>268,277</u>	<u>-</u>

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Pass -Through To Subrecipients
U.S. Department of Labor -					
Apprenticeship Expansion Grant Passed through Illinois Department of Commerce and Economic Opportunity	17.285	17-112086		\$ 43,382	\$ -
Expanding Community College Apprenticeships Initiative (ECCA) Passed through American Association of Community Colleges	<u>17.285</u>		AP-33025-19-75-A-11	<u>16,117</u>	-
Subtotal	17.285			<u>59,499</u>	<u>-</u>
WIA Cluster Youth Career Pathways Initiative Passed through Illinois Department of Commerce and Economic Opportunity	17.258	17-112086		19,840	-
CAP-IT Apprenticeship Grant Passed through the Illinois Community College Board	17.268	AG-50820		7,631	-
Total Expenditures - U.S. Department of Labor				<u>86,970</u>	<u>-</u>
National Science Foundation -					
Research and Development Cluster Education and Human Resources Intergovernmental Personnel Act (IGPA)	47.076		DUE-1224488	179,451	-
Education and Human Resources Louis Stokes STEM Pathways & Research Alliances (LSAMP) Passed through Chicago State University	47.076		HRD1911341	5,500	-
Education and Human Resources Exploring the Impact of Cultural Wealth and Scholarships S-STEM Scholars Program	17.527		DUE-1833435	125,930	-
Education and Human Resources Building Capacity: Building Bridges into Engineering and Computer Science	18.524		DUE-1832553	156,785	-
Total Expenditures - National Science Foundation				<u>467,666</u>	<u>-</u>

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Project Grantor's Number	Total Expenditures	Pass -Through To Subrecipients
U.S. Department of Transportation					
Highway, Planning and Construction Cluster					
Federal Highway Administration					
Highway Planning and Construction					
Passed through the Illinois Department of Transportation					
Highway Construction Careers Training Program	20.205		S-HCCTP-509	341,063	-
Total Expenditures - U.S. Department of Transportation				341,063	-
Other Federal Agencies					
National Endowment for the Humanities					
NEH Humanities Grant	45.162		AC-258931-19	\$ 15,285	\$ -
U.S. Department of Defense					
Office of Naval Research					
Navy Critical Mass	12.340		N00014-16-1-3077	348,676	-
Total Expenditures - Other Federal Agencies				363,961	-
Total All Programs				\$ 75,858,483	\$ -

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, 2020

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, 2020.

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 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. The amounts presented in this schedule have been reconciled to the City Colleges' basic financial statements.

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, 2020, is primarily based on a federally negotiated higher education rate agreement of 50.5%. 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, 2020**

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

Note 3. Student Loan Programs

Loans made under the Federal Direct Student Loan program issued to eligible students of City Colleges during the fiscal year ended June 30, 2020, are summarized as follows:

Guaranteed Loan Programs:	
Subsidized	\$ 1,967,226
Unsubsidized	<u>2,138,037</u>
Total Federal Student Loan Programs	<u>\$ 4,105,263</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, 2020.

Note 4. Other Noncash Assistance

City Colleges did not receive federal noncash assistance during the fiscal year ended June 30, 2020.

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, 2020.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Section II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with *Government Auditing Standards*.

Section III. FEDERAL AWARD FINDINGS

Finding 2020-001 –Return of Title IV Funds – Enrollment Reporting

Repeat Finding: Yes (2019-003)

Federal Program Title – U.S. Department of Education
Federal Pell Grant Program: 84.063
Federal Award Year 2019-2020

Condition

Four out of sixty students tested withdrew from City Colleges for which status changes were not properly reported to the National Student Loan Data System (NSLDS).

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.

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 in a timely manner.

Prevalence

Infrequent. Four out of sixty students selected for testing.

Effect

Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS (CONTINUED)

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 in a timely manner. 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 2020-002 – Return of Title IV Funds – Post-withdrawal Disbursements

Repeat Finding: Yes (2019-002)

Federal Program Title – U.S. Department of Education
Federal Pell Grant Program: 84.063
Federal Award Year 2019-2020

Condition

For four out of sixty students tested, City Colleges did not complete a post-withdrawal disbursement to the student within 45 days from the student's withdrawal date of determination.

Criteria

34 CFR Section 668.22 requires City Colleges to disburse any post-withdrawal grants funds which were not credited to the student's account any later than 45 days after City Colleges determines the student withdrew.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

This was due to an oversight at the campus level. The Return to Title IV (R2T4) is sent out on a weekly occurrence from the district office to the campus to complete. A number of variables may have caused the oversight, most notably staffing changes at the campus level played a role in the responsible party leaving CCC and new employees being trained to complete the function.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS (CONTINUED)

Prevalence

Infrequent. Four out of sixty students selected for testing.

Effect

Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

Recommendation

To ensure all post-withdrawal disbursements are in compliance with the 45-day requirement, we recommend City Colleges refine their policies and procedures to track post-withdrawal disbursements.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2020-003 – Direct Loan Quality Assurance System

Repeat Finding: Yes (2019-006)

Federal Program Title – U.S. Department of Education
Federal Direct Student Loan 84.268
Federal Award Year 2019-2020

Condition

During the prior year audit, it was determined that City Colleges did not have a formally documented direct loan quality assurance process. During the current fiscal year, City Colleges documented a formal direct loan quality assurance process, however, the process was not documented for the entire fiscal year.

Criteria

34 CFR Section 685.300(b) (9) require schools to implement and document a quality assurance process to ensure that the College is complying with program requirements and meeting program objectives.

Questioned Costs

There were no questioned costs with respect to this finding.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS (CONTINUED)

Cause

City Colleges did not have a manual that formally documents their direct loan quality assurance system in place for the entire fiscal year.

Effect

Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

Recommendation

We recommend that City Colleges refine their policies and procedures so that manuals are in place for the entire fiscal year.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2020-004 – Eligibility

Repeat Finding: No

Federal Program Title – U.S. Department of Education
Federal Pell Grant Program: 84.063
Federal Award Year 2019-2020

Condition

For one out of forty students tested, City Colleges disbursed a Pell grant subsequent to the student receiving a Pell grant at another institution.

Criteria

34 CFR Section 690.11 states that a student is not entitled to receive Federal Pell Grant payments concurrently from more than one institution.

Questioned Costs

\$392 disbursed to the student was returned to the Department of Education by City Colleges upon discovery.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS (CONTINUED)

Cause

The student enrolled at City Colleges prior to also enrolling at another college. However, that college disbursed aid prior to City College's disbursement date. The Pell MRR (POP-Dual Enrollment) notification from the Department of Education was not automatically sent to City Colleges.

Prevalence

Infrequent. One out of forty students selected for testing.

Effect

Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

Recommendation

We recommend that the College verify students have not received Pell disbursements at other institutions prior to disbursing funds.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2020-005 – Short Term Programs

Repeat Finding: No

Federal Program Title – U.S. Department of Education

Federal Pell Grant Program: 84.063

Federal Supplemental Educational Opportunity Grant 84.007

Federal Award Year: 2019 – 2020

Condition

For ten out of twelve students tested, City Colleges improperly disbursed Pell and SEOG Grants to students enrolled in short-term programs.

Criteria

34 CFR Section 668.8(e) states that students enrolled in short-term programs are not eligible to received Pell or SEOG Grant funds.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS (CONTINUED)

Questioned Costs

The total question costs for this finding are \$34,004.

Cause

This was due to an oversight at the campus level. The campus was not aware that the short-term programs were only Direct Loan eligible until late into the 19-20 year upon receiving the Final Audit Determination FY19 on 8/24/2020 from Department of Education.

Prevalence

Frequent. Ten out of twelve students selected for testing. All students enrolled in short-term programs were tested.

Effect

Noncompliance with federal regulations could result in the loss of future federal financial aid funding.

Recommendation

We recommend that the College modify the automatic system packaging of awarding Pell and SEOG Grants to exclude students enrolled in short-term programs.

Views of responsible officials

We agree with this finding. See corrective action plan.

Finding 2020-006 – Short-Term Program Placement Rate

Repeat Finding: Yes (2019-001)

Federal Program Title – U.S. Department of Education
Federal Direct Student Loans: 84.268
Federal Award Year 2019-2020

Condition

The College did not have sufficient documentation to support the placement rate calculation for each student enrolled in a short-term program at a post-secondary vocational institution.

**City Colleges of Chicago
Community College District No. 508
Schedule of Expenditures of Federal Awards
Fiscal year ended June 30, 2020**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Section III. FEDERAL AWARD FINDINGS (CONTINUED)

Criteria

For the Direct Loan Program, short-term eligible programs at a postsecondary vocational institution 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.

Questioned Costs

There were no questioned costs with respect to this finding.

Cause

The financial aid office does not have an effective system in place to ensure all campuses are maintaining documentation for completion and placement rates.

Prevalence

Frequent. Twelve out of twelve students tested did not have sufficient support for the placement rate calculation.

Effect

Noncompliance with federal regulations could result in program ineligibility and the loss of future federal financial aid.

Recommendation

We recommend City Colleges refine their policies and procedures to ensure that documentation completion and placement rates is being maintained.

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, 2020**

Identifying Number: 2019-001 Short Term Programs at Postsecondary Vocational Institutions

Audit Finding: The College did not track placement information and document its calculation for placement rates for each student enrolled in a short-term program at a post-secondary vocational institution. 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.

Status: City Colleges satisfied this audit finding with the Department of Education upon sending action plan and data of short-term program participants to DOE on August 7, 2020.

Corrective Action Taken: Uncorrected. Repeat in fiscal year 2020. See finding 2020-006. City Colleges convened a meeting with the Directors of Research & Planning and Program Directors at each college.

- The Directors of Research and Planning will collaborate with the program leads to reach out to students with a conferred completion to determine if the student has obtained employment.
- Students will also need to submit proof of employment within the timeframe (180 days of receiving credential and have been employed for at least 13 weeks) to the campus per compliance guidelines to show proof of employment.
- The Directors of Research and Planning will compile all data into a report that includes student demographic data requested along with reach rates, employment comparability and employment start and end dates.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020 *(continued)*

City Colleges of Chicago Short Term Program at Postsecondary Vocational Institutions Reporting Policy

Institution Responsibilities:

- The institution will send out an employment survey to each student who completes a short-term program after End of Term (EOT) processing for each term.
- The school must document the employment of any student it includes as employed in the placement rate calculation. Examples of such documentation include but are not limited to a written statement from the employer, signed copies of state or federal income tax forms, or written evidence of payment of Social Security taxes.
- The school must reasonably determine whether a related occupation is comparable. For instance, for a student who was trained as an auto mechanic, it is reasonable to determine that a job as a boat mechanic is comparable. However, for a person trained in retail sales management, a counter-service job at a fast-food restaurant is not comparable.
- The Director of Research & Planning in collaboration with the Program Director will perform outreach to student.
- The Directors of Research and Planning at each campus will compile all data into reports that include student demographic data requested along with reach rates, employment comparability and employment start and end dates.
- Report will be submitted to District Director, Financial Aid by the mid-term point of each term except during the Summer term.
- Final report that includes all (3) terms will be submitted by August 1 of subsequent fiscal year.

Identifying Number: 2019-002 Return of Title IV Funds – Post-withdrawal Disbursements

Audit Finding: For three out of sixty students tested, the College did not complete a post-withdrawal disbursement to the student within 45 days from the student’s withdrawal date of determination. 34 CFR Section 668.22 requires the College to disburse any post-withdrawal grant funds which were not credited to the student’s account no later than 45 days after the College determines the student withdrew.

Status: The Financial Aid Office (FAO) hosted a district wide Financial Aid Professional Development that included Return to Title IV (R2T4) training session on Friday, March 6, 2020.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020 *(continued)*

Corrective Action Taken: Uncorrected. Repeat in fiscal year 2020. See finding 2020-002. The Office of Student Financials will provide college wide procedural update to be outlined in fiscal year 2020 Financial Aid Manual. The office will provide a best practice training from the National Association of Student Financial Aid Administrators (NASFAA) Return to Title IV (R2T4) training course at the all district financial aid meeting. Additionally, the office of Student Financial Aid will collaborate with Information Technology and the Office of Institutional Effectiveness to create an automated notification process and alert system for campus operations to ensure timely processing.

Identifying Number: 2019-003 – Return of Title IV Funds – Enrollment Reporting

Audit Finding: Four out of sixty students tested withdrew from City Colleges for which status changes were not properly reported to the National Student Loan Data System (NSLDS). 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.

Status: The registrar’s office has created a process for enrollment reporting to ensure compliance.

Corrective Action Taken: Uncorrected. Repeat in fiscal year 2020. See finding 2020-001. Timing issues are the primary cause of not fully meeting the department enrollment requirements. 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. However, students who withdraw before the transcript (last date of qualified refund) do not appear on the enrollment file and a manual process takes place to upload students to the National Student Clearinghouse.

Our information technology staff are still reviewing specific requirements and how National Student Clearinghouse utilizes data to determine the best course of action to bring City Colleges into full compliance. The Office of Student Financials is reviewing centralization of the enrollment function under financial aid district office team for closer oversight. A separate report will be run at the time NSC files are sent to identify students who withdrew between the beginning of a term and the transcript date of that term. Those students will continue to be manually updated in real time through NSC to reflect the correct enrollment status and effective date.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020 *(continued)*

Enrollment reporting for NSLDS through National Student Clearinghouse (NSC)

Files submitted to NSC

- i. City Colleges of Chicago submits enrollment files to NSC approximately every 30 days during each term. The first term enrollment file is submitted on the Thursday of the second week of classes. Each subsequent term enrollment file is submitted approximately 30 days after the previous file (but not more than 45 days). City Colleges of Chicago will submit a final enrollment file after the term is over and after End of Term Processing has completed. This file catches any students withdrawn (discontinued in their program/plan) during End of Term Processing.
- ii. City Colleges of Chicago will also submit a graduates-only file with degrees and certificates for students who have completed their intended program. These files are submitted after the Registrar deadline for entering awards in the PeopleSoft CS9 system for the term.
- iii. City Colleges of Chicago also submits a Degree Verify file for the term after the graduates-only file. This file contains more details about each award the student earned that term whereas the graduates-only file signifies a potential end to enrollment.

Error resolution between NSC and NSLDS

- i. On the NSC website, under Enrollment Reporting, on the NSLDS Reporting tab, there are two types of error reports which City Colleges reviews and corrects data as needed. One report comes with NSC (CH = Clearinghouse) as the originator and one report comes with NSLDS as the originator. City Colleges' staff (Trevor Karmanian in Academic Affairs) currently reviews these reports and works with Records or Financial Aid staff for any needed corrections.
- ii. Specific student corrections can be made individually to NSC or NSLDS by logging into the respective site.

Identifying Number: 2019-004 – Return of Title IV Funds – Reporting Disbursements to COD

Audit Finding: For two out of sixty students tested, the College did not report the student's post-withdrawal disbursement to the Common Origination and Disbursement (COD) system within 15 days after making the disbursement to the student. CFR section 688.164(a) requires the College to submit Title IV Funds disbursement records to the Common Origination Database (COD) system, no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020 *(continued)*

Status: Corrected. The Financial Aid Office (FAO) hosted a district wide Financial Aid Professional Development that included Return to Title IV (R2T4) training session on Friday, March 6, 2020.

Corrective Action Taken: The Office of Student Financials will provide college wide procedural update to be outlined in the fiscal year 2020 Financial Aid Manual. The office will provide a best practice training from the National Association of Student Financial Aid Administrators (NASFAA) Return to Title IV (R2T4) training course at the district financial aid meeting. Additionally, the office of Student Financial Aid will collaborate with Information Technology and the Office of Institutional Effectiveness to create an automated notification process and alert system for campus operations to ensure timely processing.

Identifying Number: 2019-005 – Return of Title IV Funds – Return of Funds

Audit Finding: For one out of sixty students tested, the College did not return federal funds to the Department of Education within 45 days from the student’s withdrawal date of determination.³⁴ CFR Section 668.22(j)(1) requires the College to return the amount of title IV funds for which the College is responsible as soon as possible but no later than 45 days after the date the College determined the student withdrew.

Status: Corrected - This was due to an oversight at the campus level. The Return to Title IV (R2T4) is sent out on a weekly occurrence from the district office to the campus to complete. A number of variables may have caused the oversight, most notably staffing changes at the campus level played a role in the responsible party leaving City Colleges and new employees being trained to complete the function. Funds have been returned.

Corrective Action Taken: The Financial Aid Office will provide college wide procedural update to be outlined in the fiscal year 2020 Financial Aid Manual. The office will provide a best practice training from the National Association of Student Financial Aid Administrators (NASFAA) Return to Title IV (R2T4) training course at the district financial aid meeting.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020 *(continued)*

Identifying Number: 2019-006 – Direct Loan Quality Assurance System

Audit Finding: In 2019, federal guidelines required that City Colleges implement a quality assurance system over its Direct Loan program. City Colleges operates in a decentralized manner and has numerous process and control memos in place documenting controls and procedures over their direct loan quality assurance system. However, these process and control memos may vary by campus. City Colleges does not have a single, comprehensive document that comprises the direct loan quality assurance system therefore City Colleges is not fully in compliance with this requirement.

34 CFR Section 685.300(b) (9) require schools to implement and document a quality assurance process to ensure that City Colleges is complying with program requirements and meeting program objectives.

Status: The Financial Aid Office (FAO) has completed the City Colleges Financial Aid Manual which discloses the Direct Loan Quality Assurance. However, the FA Manual was published for part of FY20 and not the entire FY.

Corrective Action Taken: Uncorrected. Repeat in fiscal year 2020. See finding 2020-003. The Office of Student Financials currently executes the functions of the Direct Loan Quality Assurance by:

- Reporting loan records, disbursements, and adjustments to disbursements correctly to the Common Origination and Disbursement (COD) System,
- Disbursing and returning loan funds in accordance with regulatory requirements,
- Disbursing the correct loan amount to the correct student,
- Completing monthly reconciliation and Program Year Closeout.

While all functions were executed, a documented process was not in place because there is no updated financial aid manual for the colleges. The last active manual was for the 2015-2016 school year. The Office of Student Financial Aid is in process of creating a revised financial aid manual for fiscal year 2020. The new manual will document the Direct Loan Quality Assurance process. In addition, the financial aid manual will be reviewed on a semi-annual basis to ensure appropriate changes and updates are included annually.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020 *(continued)*

Identifying Number: 2019-007 – Exit Counseling

Audit Finding: For four out of twenty students tested, exit counseling or mailing of exit counseling materials did not occur within the 30-day timeframe. 34 CFR Section 682.604(g) requires that if a student Stafford loan borrower graduates or withdraws without notifying the school, the school must confirm that the student has completed the online exit counseling or mail exit counseling material to the borrower at his or her last known address. The material must be mailed within 30 days of the school learning that the borrower has withdrawn or failed to participate in an exit counseling session.

Status: Corrected. An Exit Counseling letter is generated when a student has borrowed a loan in a prior term and has failed to be enrolled at least half-time in the next term. The Exit Counseling letter is emailed to all students who withdraw from all of their classes within each term as well. The Exit Counseling letter is emailed to the student and a copy is maintained in the student's file.

Corrective Action Taken: The students who were not notified of exit counseling was due to an oversight within the automated system. All records of those students expected to graduate will update within the system at the start of their last anticipated semester. The expected graduation date triggers the letter to be auto generated and sent out to students. If a student changes their program, the graduation date may be delayed or advanced. This will require a manual entry into the system to trigger the exit counseling notification. Additionally, students who withdraw from all of their classes who are not normally sent to exit counseling may re-enroll during the mini sessions, which are 12-week and 8-week courses within the same semester. This again requires a manual report to be generated of students who withdrew from all of their classes and did not re-enroll in subsequent terms.

The Office of Student Financials will generate real time reports of all students who withdraw from all classes weekly. Those students will be added to an automated report of anticipated graduates to receive exit-counseling notifications. Student Financials will work with Information Technology and Institutional Effectiveness to add non-graduates who withdraw from all classes to the automated process. Student Financials will utilize the PeopleSoft communication module to ensure timely notifications.



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CORRECTIVE ACTION PLANS

Finding 2020-001 – Return of Title IV Funds – Enrollment Reporting (Repeat)

Four out of sixty students tested withdrew from City Colleges for which status changes were not properly reported to the National Student Loan Data System (NSLDS). 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.

Cause

The registrar’s office does not have an effective system in place to ensure all official student status changes are reported to the lender in a timely manner.

Corrective Action Taken or Planned

Timing issues are the primary cause of not fully meeting the department enrollment requirements. 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. However, students who withdraw before the transcript (last date of qualified refund) do not appear on the enrollment file and a manual process takes place to upload students to the National Student Clearinghouse.

The Registrar’s Office & Financial Aid Office has convened to create a new process of including all applicable students within the enrollment reporting process. Below is the new process.

Enrollment reporting for NSLDS through National Student Clearinghouse (NSC)

Files submitted to NSC

- i. City Colleges of Chicago submits enrollment files to NSC approximately every 30 days during each term. The first term enrollment file is submitted on the Thursday of the second week of classes. Each subsequent term enrollment file is submitted approximately 30 days after the previous file (but not more than 45 days). City Colleges of Chicago will submit a final enrollment file after the term is over and after End of Term Processing has completed. This file catches any students withdrawn (discontinued in their program/plan) during End of Term Processing.
- ii. City Colleges of Chicago will also submit a graduates-only file with degrees and certificates for students who have completed their intended program. These files are submitted after the Registrar deadline for entering awards in the PeopleSoft CS system for the term.

CORRECTIVE ACTION PLANS (Continued)

- iii. City Colleges of Chicago also submits a Degree Verify file for the term after the graduates-only file. This file contains more details about each award the student earned that term whereas the graduates-only file signifies a potential end to enrollment.

Error resolution between NSC and NSLDS

- i. On the NSC website, under Enrollment Reporting, on the NSLDS Reporting tab, there are two types of error reports which City Colleges reviews and corrects data as needed. One report comes with NSC (CH = Clearinghouse) as the originator and one report comes with NSLDS as the originator. City Colleges' staff (Trevor Karmanian in Academic Affairs) currently reviews these reports and works with Records or Financial Aid staff for any needed corrections.
- ii. Specific student corrections can be made individually to NSC or NSLDS by logging into the respective site.

Contact person: Richard Hayes – District Director, Financial Aid

Anticipated completion date: 03/01/2021.

Finding 2020-002 – Return of Title IV Funds – Post-withdrawal Disbursements (Repeat)

For four out of sixty students tested, City Colleges did not complete a post-withdrawal disbursement to the student within 45 days from the student's withdrawal date of determination. 34 CFR Section 668.22 requires City Colleges to disburse any post-withdrawal grants funds which were not credited to the student's account any later than 45 days after City Colleges determines the student withdrew.

Cause

This was due to an oversight at the campus level. The Return to Title IV (R2T4) is sent out on a weekly occurrence from the district office to the campus to complete. A number of variables may have caused the oversight, most notably staffing changes at the campus level played a role in the responsible party leaving City Colleges and new employees being trained to complete the function.

Corrective Action Taken or Planned

The Financial Aid Office (FAO) will provide college wide procedural update to be outlined in fiscal year 2020 Financial Aid Manual. The office will provide a best practice training from the National Association of Student Financial Aid Administrators (NASFAA) Return to Title IV (R2T4) training course at the all district financial aid meeting. Additionally, the office of Student Financial Aid will collaborate with Information Technology and the Office of Institutional Effectiveness to create an automated notification process and alert system for campus operations to ensure timely processing.

CORRECTIVE ACTION PLANS *(Continued)*

Contact person: Richard Hayes – District Director, Financial Aid
Anticipated completion date: 03/01/2021.

Finding 2020-003 – Direct Loan Quality Assurance System (Repeat)

During the prior year audit, it was determined that City Colleges did not have a formally documented direct loan quality assurance process. During the current fiscal year, City Colleges documented a formal direct loan quality assurance process, however, the process was not documented for the entire fiscal year. 34 CFR Section 685.300(b) (9) require schools to implement and document a quality assurance process to ensure that the College is complying with program requirements and meeting program objectives.

Cause

City Colleges did not have a manual that formally documents their direct loan quality assurance system in place for the entire fiscal year.

Corrective Action Taken or Planned

The Financial Aid Office currently executes the functions of the Direct Loan Quality Assurance by:

- Reporting loan records, disbursements, and adjustments to disbursements correctly to the Common Origination and Disbursement (COD) System,
- Disbursing and returning loan funds in accordance with regulatory requirements,
- Disbursing the correct loan amount to the correct student,
- Completing monthly reconciliation and Program Year Closeout.

The Financial Aid Office (FAO) has completed the City Colleges Financial Aid Manual which discloses the Direct Loan Quality Assurance.

Contact person: Richard Hayes – District Director, Financial Aid
Anticipated completion date: 03/01/2021.

Finding 2020-004 - Eligibility

For one out of forty students tested, City Colleges disbursed a Pell grant subsequent to the student receiving a Pell grant at another institution. 34 CFR Section 690.11 states that a student is not entitled to receive Federal Pell Grant payments concurrently from more than one institution.

CORRECTIVE ACTION PLANS *(Continued)*

Cause

Student enrolled in City Colleges of Chicago – Kennedy King College prior to also enrolling at Prairie State College but Prairie State College disbursed aid prior to City Colleges disbursement date. Pell MRR (POP-Dual Enrollment) notification from the Department of Education was not automatically sent to the institution.

Corrective Action Taken or Planned

The Financial Aid Office added a Pell MRR (POP-Dual Enrollment) automated error report that goes out weekly to the campus that displays students who are dual enrolled at another campus. The aid package on the student account will not disburse until resolved by a campus. The campus financial aid office will need to confirm with the other school before clearing error messages and disbursing aid.

Contact person: Richard Hayes – District Director, Financial Aid
Anticipated completion date: 03/01/2021.

Finding 2020-005 – Short-Term Programs

For ten out of twelve students tested, City Colleges improperly disbursed Pell and SEOG Grants to students enrolled in short-term programs. 34 CFR Section 668.8(e) states that students enrolled in short-term programs are not eligible to receive Pell or SEOG Grant funds.

Cause

This was due to an oversight at the campus level. The campus was not aware that the short-term programs were only Direct Loan eligible until late into the 19-20 year upon receiving the Final Audit Determination for fiscal year 2019 from the Department of Education.

Corrective Action Taken or Planned

The total questions cost for the findings are \$34,004. The amount will be returned back to the Department of Education. Additionally, the FA Module system has been updated to not disburse any aid other than Direct Loans for the two short term programs that City Colleges has.

Contact person: Richard Hayes – District Director, Financial Aid
Anticipated completion date: 12/12/2020.

CORRECTIVE ACTION PLANS *(Continued)*

Finding 2020-006 – Short-Term Program Placement Rate (Repeat)

The College did not have sufficient documentation to support the placement rate calculation for each student enrolled in a short-term program at a post-secondary vocational institution. For the Direct Loan Program, short-term eligible programs at a postsecondary vocational institution is 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.

Cause

The financial aid office does not have an effective system in place to ensure all campuses are maintaining documentation for completion and placement rates.

Institution Responsibilities:

- The institution will send out an employment survey to each student who completes a short-term program after End of Term (EOT) processing for each term.
- The school must document the employment of any student it includes as employed in the placement rate calculation. Examples of such documentation include but are not limited to a written statement from the employer, signed copies of state or federal income tax forms, or written evidence of payment of Social Security taxes.
- The school must reasonably determine whether a related occupation is comparable. For instance, for a student who was trained as an auto mechanic, it is reasonable to determine that a job as a boat mechanic is comparable. However, for a person trained in retail sales management, a counter-service job at a fast-food restaurant is not comparable.
- The Director of Research & Planning in collaboration with the Program Director will perform outreach to students.
- The Directors of Research and Planning at each campus will compile all data into reports that includes student demographic data requested along with reach rates, employment comparability and employment start and end dates.
- Report will be submitted to the District Director, Financial Aid by the mid-term point of each term except during the Summer term.
- Final report that includes all (3) terms will be submitted by August 1 of subsequent fiscal year.

Contact person: Richard Hayes – District Director, Financial Aid

Anticipated completion date: 03/01/2021.

Please contact us if you would like additional copies of the Single Audit Act Supplementary Financial and Compliance Report for the year ended June 30, 2020:
[http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports/A-133-Single Audit Report](http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports/A-133-Single-Audit-Report).

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