

**Single Audit Act Supplementary  
Financial and Compliance  
Report Section**

**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, 2016, and the related notes to the financial statements, which collectively comprise City Colleges' basic financial statements, and have issued our report thereon dated October 14, 2016.

**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) to determine 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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  
October 14, 2016

**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, 2016. 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, 2016.

### **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, 2016, and have issued our report thereon dated October 14, 2016, 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  
October 14, 2016

**City Colleges of Chicago**  
**Community College District No. 508**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Project or Pass-Through Grantor's Number	Total Expenditures	Pass - Through To Subrecipients
U.S. Department of Education -				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	P063P111341	\$ 69,934,634	\$ -
Federal Work-Study Program	84.033	P033A111123	1,396,281	-
Federal Supplemental Educational Opportunity Grants Program	84.007	P007A111123	1,687,767	-
Total Student Financial Assistance			<u>73,018,682</u>	<u>-</u>
Federal Direct Student Loans				
Kennedy King College	84.268	P268K156807	3,865,694	-
Olive Harvey College	84.268	P268K156999	2,047,189	-
Harold Washington College	84.268	P268K156870	3,173,134	-
Truman College	84.268	P268K156996	2,280,342	-
Malcolm X College	84.268	P268K156907	2,953,190	-
Wright College	84.268	P268K156997	1,174,430	-
Daley College	84.268	P268K156878	768,988	-
Total Federal Direct Student Loans			<u>16,262,967</u>	<u>-</u>
Total Student Financial Assistance Cluster:			<u>89,281,649</u>	<u>-</u>
TRIO Cluster:				
TRIO - Student Support Services				
Student Support Services Program	84.042A	P042A100449-14	39,307	-
Student Support Services Program	84.042A	P042A151046	138,925	-
Student Support Services Program	84.042A	P042A100110-14	69,385	-
Student Support Services Program	84.042A	P042A150138	169,120	-
			<u>416,736</u>	<u>-</u>
TRIO - Talent Search Program:				
Talent Search Grant	84.044A	P044A110877-14	8,521	-
Talent Search Grant	84.044A	P044A110877-15	185,087	-
Talent Search Grant	84.044A	P044A110382-14	26,025	-
Talent Search Grant	84.044A	P044A110382-15	252,715	-
			<u>472,347</u>	<u>-</u>
TRIO - Upward Bound Program:				
Upward Bound Grant	84.047A	P047A121219-14	31,017	-
Upward Bound Grant	84.047A	P047A121219-15	150,857	-
			<u>181,874</u>	<u>-</u>
TRIO - Educational Opportunity Centers				
Educational Opportunity Centers Program	84.066A	P066A110111-14	22,385	-
Educational Opportunity Centers Program	84.066A	P066A110111-15	213,102	-
			<u>235,487</u>	<u>-</u>
Total TRIO Cluster			<u>1,306,444</u>	<u>-</u>

**City Colleges of Chicago  
Community College District No. 508  
Schedule of Expenditures of Federal Awards  
June 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Project or Pass-Through Grantor's Number	Total Expenditures	Pass - Through To Subrecipients
U.S. Department of Education - (Continued)				
Adult Education - Basic Grants to States				
Passed through the Illinois Community College Board				
Adult Education Grant - Basic	84.002A	50800	\$ 1,908,341	\$ -
Adult Education Grant - Civic	84.002A	50800	183,410	-
			<u>2,091,751</u>	<u>-</u>
Adult Education - Basic Grants to States				
Passed through the Illinois Community College Board				
AO/Integrated Career and Academic Prep System (ICAPS) Grant	84.002A	16 AEL ICAPS 508	5,000	-
Higher Education Institutional Aid				
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110013-14	24,953	-
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110013-15	175,169	-
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110014-14	60,963	-
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110014-15	187,824	-
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110015-14	34,355	-
Predominantly Black Institutions Program - Formula Grant	84.031P	P031P110015-15	171,245	-
			<u>654,508</u>	<u>-</u>
Higher Education Institutional Aid				
Wright Start: Increasing Hispanic Student Success in the First Year of College	84.031S	P031S120098-15	557,314	-
Wright Start: Increasing Hispanic Student Success in the First Year of College	84.031S	P031S120098-14	120,826	-
			<u>678,140</u>	<u>-</u>
Higher Education Institutional Aid				
Truman College Critical Reading and Science Centers	84.031S	P031S150026	233,555	-
Career and Technical Education - Basic Grants to States				
Passed through the Illinois Community College Board				
Perkins III Grant	84.048	CTE50816	3,104,145	-
Career and Technical Education				
Implementation Communities				
Pathway to Results Year 2	84.048	PTR50816	1,891	-
Career and Technical Education				
Passed through Illinois Community College Board				
AO/Integrated Career and Academic Prep System (ICAPS) Grant	84.048	16 CTE ICAPS 508	5,000	-
Minority Science Improvement	84.120A	P120A120077-14	80,131	-
Strengthening Minority-Serving Institutions				
Project GEMS	84.382A	P382A110034-14	157,272	-
Strengthening Minority-Serving Institutions				
Learning Communities for STEM	84.382A	P382A110046-14	116,882	-
Learning Communities for STEM	84.382A	P382A110046-15	389,915	-
			<u>506,797</u>	<u>-</u>
Strengthening Minority-Serving Institutions				
Olive Harvey College	84.382A	P382A150033	117,061	-

**City Colleges of Chicago  
Community College District No. 508  
Schedule of Expenditures of Federal Awards  
June 30, 2016**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Project or Pass-Through Grantor's Number</b>	<b>Total Expenditures</b>	<b>Pass - Through To Subrecipients</b>
Strengthening Minority-Serving Institutions Pipeline to Careers in Healthcare	84.382A	P382A150024	\$ 76,401	\$ -
Race to the Top - Early Learning Challenge Passed through Illinois Community College Board Passed through Saint Xavier University Early Childhood Educator Preparation Program Initiative	84.412A	Not Applicable	5,643	-
<b>Total Expenditures - U.S. Department of Education</b>			<b>\$ 98,305,388</b>	<b>\$ -</b>
U.S. Department of Health and Human Services - Head Start Passed through the City of Chicago Department of Family and Support Services: Head Start Program	93.600	28838-2	\$ 358,637	\$ -
Head Start Program	93.600	33362-1	536,988	-
Head Start Support Services Program	93.600	29794-2	187,278	-
Head Start Support Services Program	93.600	33576-1	132,767	-
Early Childhood Support Services	93.600	37613	79,023	-
			<u>1,294,693</u>	<u>-</u>
Child Care Passed through the City of Chicago Department of Family and Support Services: Child Care Services Program	93.596	28412-3	148,586	-
Biomedical Research Passed through University of Illinois UIC Behavioral and Biomedical Sciences Bridges to Baccalaureate Program	93.859	5R26GM107692	4,428	-
<b>Total Expenditures - U.S. Department of Health and Human Services</b>			<b>\$ 1,447,707</b>	<b>\$ -</b>
U.S. Department of Agriculture - Passed through the Illinois State Board of Education Child and Adult Care Food Program	10.558	15016508051	\$ 26,878	\$ -
Child and Adult Care Food Program	10.558	15016508051	115,781	-
			<u>142,659</u>	<u>-</u>
<b>Total Expenditures - U.S. Department of Agriculture</b>			<b>\$ 142,659</b>	<b>\$ -</b>
U.S. Department of Labor - Trade Adjustment Assistance Community College and Career Training Grants Passed through Cincinnati State Technical and Community College Health Professionals Pathways Consortium (H2P)	17.282	TC-22486-11-60-A-39	\$ 84,515	\$ -
Passed through William Rainey Harper College Illinois Network for Advanced Manufacturing (INAM)	17.245	TC-23795-12-60-A-17	19,955	-
<b>Total Expenditures - U.S. Department of Labor</b>			<b>\$ 104,470</b>	<b>\$ -</b>



**City Colleges of Chicago  
Community College District No. 508  
Schedule of Expenditures of Federal Awards  
June 30, 2016**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal Project or Pass-Through Grantor's Number</b>	<b>Total Expenditures</b>	<b>Pass - Through To Subrecipients</b>
National Science Foundation -				
Research and Development Cluster				
Education and Human Resources				
Passed through National Center for Science and Civic Engagement				
Science Education for New Civic Engagement and				
Responsibilities (SENCER)	47.076	DUE-1224488	\$ 900	\$ -
Education and Human Resources				
STEM Scholars Program	47.076	DUE-1259809	161,655	-
Education and Human Resources				
Advanced Technological Education Program	47.076	DUE-1550438	171,316	-
<b>Total Expenditures - National Science Foundation</b>			<b>\$ 333,872</b>	<b>\$ -</b>
Office of Naval Research -				
Midwest Association for Science and Services (Critical Mass)	12.300	N00014-13-1-0881	\$ 357,816	\$ 357,816
<b>Total Expenditures - Research and Development Cluster</b>			<b>\$ 691,688</b>	<b>\$ 357,816</b>
Other Federal Agencies				
U.S. Department of Transportation				
Federal Highway Administration				
Highway Planning and Construction				
Passed through the Illinois Community College Board				
Highway Construction Careers Training Program	20.205	16 HCCTP 508	\$ 202,398	\$ -
National Aeronautics and Space Administration				
Passed through University of Illinois Urbana-Champaign				
Passed through Illinois Institute of Technology				
Engaging community college students in STEM through				
high altitude ballooning	43.008	NNX14AR13A	246,037	-
<b>Total Expenditures - Other Federal Agencies</b>			<b>\$ 448,435</b>	<b>\$ -</b>
<b>Total All Programs</b>			<b>\$ 1,011,403,346</b>	<b>\$ 357,816</b>

**City Colleges of Chicago**  
**Community College District No. 508**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

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**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, 2016.

**Note 2. Summary of Significant Accounting Policies**

**Basis of accounting:** The accompanying schedule of expenditures of federal awards includes the federal grant activity of City Colleges 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The amounts presented in this schedule have been reconciled to the City College's basic financial statements.

**Cost allocation:** City Colleges has a plan for allocation of common and indirect costs related to grant programs in accordance with, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions* or 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, 2016, is based on a federally negotiated higher education rate agreement.

**City Colleges of Chicago  
Community College District No. 508  
Schedule of Expenditures of Federal Awards  
June 30, 2016**

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

**Note 3. Federal 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, 2016, are summarized as follows:

Guaranteed Loan Programs:	
Subsidized	\$ 11,911,608
Unsubsidized	4,226,871
Parent Plus	<u>124,488</u>
Total federal student loan programs	<u><u>\$ 16,262,967</u></u>

The value of the loans issued for the Federal Student Loan Program is based on disbursed 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, 2016.

**Note 4. Other Noncash Assistance**

City Colleges did not receive federal noncash assistance during the fiscal year ended June 30, 2016.

**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, 2016.

**City Colleges of Chicago  
Community College District No. 508  
Schedule of Expenditures of Federal Awards  
June 30, 2016**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Significant deficiencies?	_____ Yes	_____ <u>X</u> None Reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.51(a)? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**Identification of major programs:**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.063, 84.033, 84.038, 84.007, 84.268	Student Financial Assistance Cluster
84.002A	Adult Education-Basic Grants to States

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**City Colleges of Chicago  
Community College District No. 508  
Schedule of Expenditures of Federal Awards  
June 30, 2016**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS** *(Continued)*

**II. FINANCIAL STATEMENT FINDINGS**

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

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings required to be reported in accordance with the Uniform Guidance.

**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS**

**Finding 2015-001: Noncompliance with Federal Perkins Loan Program**

**Federal Program Title** - Federal Perkins Loan Program – CFDA 84.038

**Federal Agency** - U.S. Department of Education

**Condition**

The District did not maintain a Federal Perkins Loan Program fund in a separate interest-bearing bank account.

Additionally, the District did not maintain documentation to support that it complied with the due care and diligence requirements of the Department of Education regarding the collection of loans.

The District has not received any new Federal Perkins Loan capital contributions or made any new Federal Perkins Loans in the past 15 or more years. Total outstanding loan balance as of June 30, 2015 is \$817,673, which includes accrued interest.

**Corrective Action Plan**

City Colleges of Chicago implemented the auditor's recommendation. CCC liquidated its Federal Perkins Loan portfolio.

**Current Status**

Corrective action plan is complete.

**City Colleges of Chicago  
Community College District No. 508  
Schedule of Expenditures of Federal Awards  
June 30, 2016**

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**SUMMARY SCHEDULE OF PRIOR YEARS' AUDIT FINDINGS** *(Continued)*

**Finding 2015-002: Noncompliance with Reporting Requirements**

**Federal Program Title** - Highway Planning and Construction – CFDA 20.205

**Federal Agency** - U.S. Department of Transportation

**Condition**

The District did not prepare or submit the quarterly progress reports during fiscal year 2015.

**Corrective Action Plan**

Staff that oversee the HCCTP grant has established internal controls to ensure all reporting requirements are met and will report submissions to the District Office. New coordinator has met with the ICCB staff for training on all report requirements.

**Current Status**

No errors identified in 2016. Corrective action plan is complete.

**Finding 2015-003: Allowable Activities and Allowable Costs/Cost Principles**

**Federal Program Title** - Adult Education - Basic Grants to States (84.002)

**Federal Agency** - U.S. Department of Education

**Condition**

As part of our compliance review over expenditures, we selected a sample of employees charged to the program to ascertain they were allowable per program requirements and appropriately supported in accordance with OMB Circular A-21.

For 5 of the 34 payroll transactions selected for testing, we noted the salary distribution was in excess of the allowable amount evidence in the time and effort certifications for the period.

**Corrective Action Plan**

The Office of Finance will develop a reconciliation process to ensure that by the end-of-the-year close, total annual payroll charges accurately reflect the time and effort as certified by each employee.

**Current Status**

No errors identified in 2016. Corrective action plan is complete.



Please contact us if you would like additional copies of the Comprehensive Annual Financial Report for the year ended June 30, 2016: <http://www.ccc.edu/departments/Pages/Annual-Finance-and-Budget-Reports/CAFR>.

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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