

PCCD Updated Response to Audit Findings September 7, 2021

Audit Finding	Cause	Corrective Action	Status
<p>2020-001 Closing Process and Control Environment</p> <p>(Repeat from 2019-001)</p> <p>Material Weakness</p>	<p>Control environment not adequate to ensure accurate financial reporting</p>	<p>The District:</p> <ul style="list-style-type: none"> • is implementing a monthly close to improve districtwide accounting practices. • will provide year end closing documentation from prior year. • is exploring options to manage and report student receivables. <p>Staff training will be implemented for improved capacity and controls. The District and PCCD Colleges are collaborating to implement recommendations from the Cambridge West Data Integrity Project Final Report [1.04].</p>	<p><u>In Progress</u></p> <p>Completion was estimated by April 2021, however, continued issues resulted in an EdgeRock contract to identify and correct scripts for posting and report details. End goals:</p> <ol style="list-style-type: none"> 1) Closing schedule 2) functioning PeopleSoft module to close periods, 3) documentation 4) training 5) districtwide communication, 6) support to College Business Managers [Edgerock contract 2.08] [PeopleSoft 1.04] <p>Internal controls are being put in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) by June 30, 2022.</p> <p><u>Responsible:</u> Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District)</p>
<p>2020-002 Capital Assets</p>	<p>Internal controls do not provide reasonable assurance that financial statements are U.S. Generally accepted</p>	<p>PCCD PeopleSoft Finance modules upgrades (Expense Management, Asset Management, and Contract Management) embed controls.</p>	<p><u>Resolved/Completed</u></p> <p>Phase I - system upgrade</p> <p><u>In Progress</u></p>

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<p>Capital assets are not properly monitored</p> <p>\$3.7 million in incorrectly identified assets</p> <p>Material Weakness</p>	<p>accounting principles (GAAP).</p>	<p>The project is 70 percent complete and is in its final phase of testing enhanced utilities to accommodate the fixed assets module.</p> <p>The Asset Management module allows monitoring of assets at the District and Colleges.</p> <p>Director of Purchasing Services has been working on inventory and locations of District and College assets. The Vice Presidents of Administrative Services (VPAs) at each college are delineating responsibilities for asset management that arrives directly at the colleges and does not go through the district warehouse.</p>	<p>Phase 2 - PeopleSoft module execution [PeopleSoft ASSET MANAGEMENT 2.09]</p> <p>The Chancellor has convened a Steering Committee (IT, Finance, HR & PeopleSoft) to assess progress and project timelines.</p> <p>External assessment by Huron Consultants will be completed over the next month to ensure successful transition to full utilization of the new modules [1.10].</p> <p>Extensive staff training and development of training materials expected to go live no later than November 2021.</p> <p>End goal:</p> <ol style="list-style-type: none"> 1) complete implementation of districtwide purchasing, tracking, monitoring and depreciation management. 2) Proper accounting of assets from front-end to back-end user 3) Reporting of depreciation 4) Accurate coding for various areas (Procurement, Warehouse, Fiscal Services). <p>The District is evaluating all capital assets reconciliation to ensure they are properly recorded in a timely manner by June 30, 2022.</p>

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			<p><u>Responsible:</u> Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District) and Director of Purchasing Services Brian Slaughter</p>
<p>2020-003 Vacation Accrual</p> <p>\$3.9 million in accrued vacation</p> <p>(Repeat from 2019-004)</p> <p>Significant Deficiency</p>	<p>Vacation accrual without or beyond limits are the result of ineffective monitoring</p>	<p>Vacation accrual cap for management and administrators was implemented [2.10] resulting in a reduction of liability from \$1,032,557.46 (June 30, 2020) to \$1,005,817.41 (June 30, 2021) - a reduction of \$26,740.05 in the management employees alone. Corrective action is to negotiate vacation accrual caps for remaining employees and enforce vacation usage for employees without cap policy. A consultation with legal counsel indicated this was legally allowable. All labor groups will be negotiating simultaneously in spring 2022.</p> <p>Consultation with legal counsel and auditors indicate accrual caps are legal.</p>	<p><u>In Progress</u></p> <p>To complete in spring 2022. In fall 2020, the 374 managers and administrators were contractually limited to an accrual cap. All other employee groups will begin negotiations in spring 2022 and this topic is on the agenda</p> <p>The District has encouraged employees to use their vacation hours. The District is developing appropriate policies (BP 7340) and procedures (AP7340) to monitor vacation accrual and applying accrual caps will depend upon negotiations which will occur in spring 2022 for all employee groups.</p> <p><u>Responsible:</u> Dr. Ronald McKinley, Interim VC Human Resources Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District)</p>

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<p>2020-004 Eligibility and Certification Approval Report</p> <p>Significant Deficiency</p>	<p>The District and Colleges must report staffing changes within a required amount of time to DOE (FA).</p>	<p>Reported and received certification of latest President and Financial Aid Director. A training document was created for reporting.</p>	<p><u>Resolved/Completed</u> Completion date: March 31, 2021 [2.11] The Colleges established procedures to ensure timely reporting to the DOE Eligibility and certification approval report (ECAR).</p> <p><u>Responsible:</u> Colleges will now be responsible to report [2.12].</p>
<p>2020-005 Common Origination and Disbursement (COD)</p> <p>Repeat 2019-007 & 2018-04 Reporting for Pell and Direct Loans</p> <p>Significant Deficiency</p>	<p>The DOE requires the Colleges to ensure that disbursement dates reported to the Common Origination and Disbursement (COD) system are within 15 days of disbursing Pell Grant (34 CFR 690.83(b)(2) and Direct Loan (34 CFR 685.309) funds to a student.</p>	<p>Change of authority and accountability from VC Academic Affairs to VC Finance & Administration.</p> <p>This change of authority delineates the function to the appropriate area with the subject matter experts on appropriate internal controls.</p> <p>The Colleges and the District are collaborating to implement recommendations from the <i>Cambridge West Data Integrity Project Final Report</i> [1.04].</p>	<p><u>In Progress</u> EdgeRock consultants meet weekly with FA leaders [2.13] and daily with Finance leaders to address and test issues [2.14, 2.15, 2.16] with daily worklist corrections [2.17].</p> <p>The system has many internal staffing vacancies that have disrupted progress but are being reorganized and are in the hiring process.</p> <p>The District and Colleges have evaluated their Pell and Direct Loan disbursements to DOE's Common Origination and Disbursement (COD) website and will have accurate and timely reporting by June 30, 2022.</p>

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			<p><u>Responsible:</u> Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District); Antione Mehoulley, Director of Network Services (District)</p>
<p>2020-006 Gramm-Leach Bliley Act</p> <p>Information sharing practices must be disclosed to protect data, particularly financial aid data.</p> <p>Significant Deficiency</p>	<p>Risk assessment is not performed to detect, prevent, and respond to attacks and safeguard documents.</p>	<p>PeopleSoft Infrastructure Security is shifted to Oracle’s advanced cloud security.</p>	<p><u>Resolved/Completed</u></p> <p><i>Administrative Procedure 5040 Student Records, Directory Information, and Privacy</i> was updated May 2021 [2.18]. PeopleSoft Upgrade resolved this issue on security and PeopleSoft Cloud Security will perform function [2.19]. To further improve the security the District is exploring a risk assessment tool to ensure safeguards for student financial aid information.</p> <p><u>Responsible:</u> Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District) and Colleges</p>
<p>2020-007 Return to Title 4 (R2T4) Repeat of previous 2018-3 for Merritt</p> <p>Significant Deficiency</p>	<p>No formal review process for R2T4 to ensure compliance with federal requirements.</p>	<p>Technical issues (scripts) have caused problems with internal controls. EdgeRock is working with Finance and Financial Aid in daily meetings and weekly updates to correct this.</p> <p>The goal is to develop a robust review process for R2T4 compliance. There has been significant progress in</p>	<p><u>In Progress</u></p> <p><i>Administrative Procedure 5130 - Financial Aid</i> updated May 2021 [2.20]</p> <p>The Financial Aid Policy and Procedure Manual was updated and documents R2T4 processes [2.21, 2.22]. Documentation for R2T4 was created for training.</p> <p>DOE has been doing monthly monitoring.</p>

Commented [JNJ1]: Title is: Computer Technology Officer

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		implementing the process and delineating responsibilities. Further detail on corrective actions is described in the Requirement 3 report.	Both District and College Financial Aid leaders have participated in MSURDS training and DOE evaluation of procedures. EdgeRock is working on technical details. The Colleges and District are reinforcing their control structure through proper authority to ensure compliance with the Student Financial Assistance Cluster by June 30, 2022. <u>Responsible:</u> Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District) and Colleges
2020-008 Special Tests and Provisions: Enrollment Reporting Significant Deficiency	Changes in student enrollment status affect financial aid. Student enrollment status was not reported according to reporting requirements.	Oversight was shifted from VC Academic Affairs and Student Success to VC Finance and Business Administration. Colleges have had training to improve reporting and enhance the data integrity through better defined processes and delineated responsibilities. Colleges and the District are collaborating to implement recommendations from the <i>Cambridge West Data Integrity Project Final Report</i> [1.04].	<u>Resolved/Completed</u> <i>Administrative Procedure 5130 - Financial Aid</i> updated May 2021 Regular meetings held with campus FA leaders [reported in Requirement 3]. Meetings with EdgeRock continue to review and revise manual processes, document, and train for improved automated processes. Training has been done on student enrollment status reporting for faculty [this is discussed in Requirement 3].

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			<p>The <i>Financial Aid Policies and Procedure Manual</i> was updated. The reporting procedures currently ensure that enrollment and program information is being accurately reported to the National Student Loan Data System (NSLDS).</p> <p><u>Responsible:</u> the Interim Executive Fiscal Director (& Financial Aid) (District)</p>
<p>2020-009 Outstanding Student Refund Checks</p> <p>\$38,825 Significant Deficiency</p>	<p>Student refund checks must be returned within 45 days and reflected in documentation.</p>	<p>The District reviewed the policy for refunding checks within 30 days. Meetings between Financial Aid and Campus Business Officers produced outreach efforts to get funds to students prior to return via COD.</p> <p>An improved refund process was implemented that provides timely refunds.</p>	<p>Resolved/Completed Implemented at Colleges. Currently working to automate timely communication to increase speed and accuracy.</p> <p>The District corrected its procedures for student refund checks to ensure the funds are returned to DOE or disbursed to students within the required timelines.</p> <p><u>Responsible:</u> Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District)</p>
<p>2020-010 Activities Allowed or Unallowed, Allowable Cost/Cost Principles and</p>	<p>Unclear whether certain contractor fees were correctly charged to COVID -19 Relief Block Grant (student bus passes were not allowable).</p>	<p>The District moved questionable amounts \$378,498 and \$430,445 (total \$808,943) from CRF Block Grant back to General Fund and reclassified with allowable costs, correcting</p>	<p>Resolved/Completed Accounts reconciled</p> <p>This was corrected in a one-time journal for a one-time expense correcting the unallowable expenditure and charging the allowable expenditures to the Coronavirus</p>

Commented [JNJ2]: I think we should be consistent; previously we said this:
Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District)

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Period of Performance Allowable Cost Principles \$808,943 Deficiency		appropriate costs into the proper areas.	Relief Fund-COVID-19 Response Block Grant of \$808K. <u>Responsible:</u> Dr. Marla Williams-Powell, the Interim Executive Fiscal Director (& Financial Aid) (District)