Review of IT Controls Related to Financial Aid Operations

Office of Internal Audit

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March 2016
Interim Chancellor Farrell,

Internal Audit reviewed IT Controls related to Financial Aid Operations. The objectives were to determine the extent to which IT controls are in place for financial aid operations to a) promote effective work/task management and data integrity, and b) mitigate the risk of fraud, waste, or abuse.

To accomplish this task, we performed the following work:

- Reviewed relevant criteria;
- Interviewed relevant stakeholders;
- Analyzed relevant documentation and information systems; and
- Assessed risk and controls, including the potential for fraud, waste, and abuse.

As a result, we identified control weaknesses that often hindered Financial Aid’s ability to operate efficiently and effectively, and we determined IT controls are not always used or in place to mitigate the risk of fraud, waste, or abuse. This is primarily due to:

- IT staff not providing certain information to Internal Audit for review and unsegregated reporting relationships between IT and District Office Financial Aid.
- Undefined levels of access, including “super user” access to a District Office financial aid employee who also functions as an IT back-up when the primary IT staff assigned is unavailable.
- Complex and inefficient work processes and policies.
- Staff turnover and other personnel matters.

In pursuit of continuous improvement, we made recommendations geared toward improving the overall management and operation of Financial Aid. A summary of the results is located on page 11 of the report. If you have any questions, I can be contacted at (714) 438-4602 or rsnell1@mail.cccd.edu.

Rachel Snell MPA, Internal Audit Director
Objective, Scope, and Methodology

At the request of the Interim Chancellor, Internal Audit performed work in response to some concerns related to financial aid operations. As per Board Policy, Internal Audit uses the International Professional Practices Framework (IPPF) to guide the performance of its activities. For this project, no independence or objectivity issues were noted amongst the team members.

Objectives:

The objectives were to determine the extent to which IT controls are in place for financial aid operations to a) promote effective work/task management and data integrity, and b) mitigate the risk of fraud, waste, or abuse.

Scope:

- IT controls and related processes for conducting business within financial aid.
- Fiscal Year 2014-2015, cursory review of relevant documents October 2015.
- Internal Audit observed certain personnel matters that were reported to Human Resources.

Methodology:

In order to conduct our work, we performed the following tasks:

- Reviewed relevant criteria;
- Conducted interviews with relevant stakeholders within Information Technology, Financial Aid and Fiscal Services personnel at the District Office, Orange Coast College, Golden West College, and Coastline;
- Reviewed and analyzed IT data and reports, and other relevant documentation;
- Analyzed information systems used related to the audit scope; and
- Assessed risk and controls, including the potential for fraud, waste, and abuse.

Team Members:

- Rachel Snell, MPA, Director
- Tracy Young, Team Member
- Kathy DeSalvo, Team Member
**Background**

The Coast Community College District (CCCD) consolidated financial aid operations in February 2013. According to District Financial Aid Management, some “back-office” processing functions were placed at the District Office, and other functions remained at the three colleges. Consolidation and standardization was started in June 2013 when the Banner Students Accounts Receivables module was deployed. District Financial Aid Management stated that this system improvement was designed to ensure that students received the net amount of financial aid (after payment of applicable fees) rather than the gross amount, which previously caused significant financial liability for CCCD.

All three colleges and the District Office have websites that contain information about financial aid, types of aid available, and how to apply for such aid. According to District Financial Aid Management, the CCCD website promotes the delivery of consistent information to students related to financial aid. Each college financial aid web site points to the CCCD financial aid web site, and the colleges hold workshops for students, which are also posted on the college websites.

Financial Aid personnel distribution is as follows:

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of Managers</th>
<th>Number of Classified</th>
<th>Number of Hourly</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Office</td>
<td>1</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Orange Coast College (OCC)</td>
<td>1</td>
<td>5</td>
<td>10*</td>
</tr>
<tr>
<td>Golden West College (GWC)</td>
<td>1</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Coastline Community College (CCC)</td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

*Three employees are shared with another department and only work in Financial Aid one day per week.

In order to facilitate the consolidation effort, positions from the colleges were relocated to the District Office. For example, there were six positions from OCC, and one position from GWC and one position from CCC that were relocated to the District Office. There are two staff members from the District Office Information Technology (IT) Department assigned support roles to the current Financial Aid system, PowerFaids, and to the transition team for Banner Financial Aid. Although there will be a period of overlap when both systems will be used in parallel for different financial aid award years from January 2017 through October 2017, the target deployment of the Banner Financial Aid module is for the 2017-18 financial aid award year. District and college personnel package and process financial aid awards, and when disbursements are completed on the financial aid side, District Fiscal Services transfers money to a third party vendor, Higher One, that distributes financial aid to students and processes refunds when applicable.

Students attend one, two, or all three colleges simultaneously or over time, take classes with different start and end dates, and attend classes either onsite at the colleges or online through distance learning. Some students receive aid in multiple assistance categories. Students could receive aid in the form of a fee waiver from the California State Board of Governors, State aid (CalGrant, Full-time Student Services Grant), Federal assistance (grants, loans, and work study), campus based scholarships, or from specific programs such as the Veterans Administration. For the 2014-2015 financial aid award year, CCC had
nearly 15,000 students who received more than $21 million in financial aid. Over 10,000 GWC students received more than $25 million in financial aid, and approximately 14,000 OCC students received over $39 million in financial aid.

**Criteria**

There are dozens of documented financial aid procedures on the financial aid shared drive; however, due to the enormity of information available, turnover amongst personnel, and the consolidation of Financial Aid, some of the procedures were not updated to reflect changes in internal practices or changes in financial aid regulations. There are also different views, in some cases, between the college financial aid directors and the District Office financial aid director regarding the interpretation of financial aid rules and regulations. Internal Audit concluded that the “differing views” often creates tension between financial aid staff District-wide, which sometimes delays the performance of certain tasks, or results in certain tasks being performed incorrectly. Throughout the District, some financial aid personnel participate in annual training conducted by the US Department of Education and the State regarding changes in federal and state financial aid regulations; however, participation is not required or provided to all relevant personnel throughout CCCD. Internal Audit was unable to determine the extent to which training attendees implemented the training upon return to their work sites, or the extent to which non-attendees were receptive to the information provided by those who attended the various training opportunities.

The colleges reported difficulty on occasion receiving direct and consistent answers to questions from the District Office Financial Aid Director, and Internal Audit also encountered a similar issue during the project when asking for clarification relating to the Board of Governor fee waiver and other issues during the project. The District’s external financial auditors also reported some difficulty in obtaining consistent information from the District Office Financial Aid Director. Similarly, the District Office Financial Aid Director reported similar concerns, stating that emails are regularly sent to the college financial aid directors requesting input or feedback with limited to no response.

Combined, Internal Audit noted the following challenges related to criteria:

- Inconsistency in attendance at and application of training related to financial aid rules and regulations, or clarification of personnel roles and responsibilities;
- Limited to no review of financial aid practices to optimize operational efficiency or effective customer service to students;
- Inefficient and sometimes tenuous communication strategies prevent agreement on rules and regulations, and the processes necessary to implement financial aid rules and regulations.

These weaknesses create the risk of inconsistent practices District-wide and the potential to distribute incorrect information to students, as well as to internal and external auditors. The colleges are working towards addressing staff turnover, and the CCCD hired a consultant in May 2012 and subsequently in January and February of 2016 to evaluate financial aid processes and to recommend potential process streamlining strategies.
With IT policies and procedures, guidance for how to perform certain financial aid tasks in Banner or PowerFaids are not always formally documented or maintained. One IT staff person is fully knowledgeable and capable of working with PowerFaids. The back-up (secondary staff) has some knowledge of PowerFaids, but not enough to function as an independent back-up. Since the primary IT staff does not always communicate workload priorities and pressures to IT management, few assignments are delegated to back-up staff, which hindered the back up’s ability to learn about PowerFaids at a more in-depth level.

IT requests are mostly directed by District Financial Aid without inclusion of the IT chain of command, although some requests are derived from the regular Financial Aid stakeholder meetings. The colleges reported that some requests from these meetings are not addressed or are not completed timely. One example provided during the project was related to the Password Reset Process. (See Other Observations: process to unlock passwords). Internal Audit also experienced an instance where the primary IT staff person circumvented the chain of command to report displeasure with a data request made by Internal Audit. According to IT management, IT and District Financial Aid personnel were asked to respect the chain of command and to communicate assignments and workload priorities, but these requests were not honored by applicable staff. According to District Financial Aid Management, these concerns were not escalated to the responsible Executive for IT or Financial Aid for review and resolution.

The colleges also reported that some IT related changes were made without their input; however, District Office Financial Aid Management stated it is not aware of any outstanding concerns. District Office Financial Aid and IT also reiterated that on many occasions the colleges are sent notification and requests for input, but the colleges do not always provide a response. Since some tasks are time sensitive, District Office Financial Aid stated it must complete the task in order to provide service to the students, regardless of whether feedback is received.

Overall, Financial Aid is heavily reliant on one individual for IT tasks, which hinders CCCD’s ability to maintain business continuity and creates a workload that is greater than what is manageable for one staff person. Furthermore, there are significant communication issues (two-sided) between the colleges and the District Office Financial Aid Managers. The lack of appropriate reporting and communication relationships creates an environment where IT management has little to no supervisory authority over one of its employees, and insufficient communication potentially contributes to bottlenecks in efficiency and effectiveness surrounding the Financial Aid operation District-wide. Furthermore, failure to enforce the reporting structure between IT and Financial Aid personnel:

- Reduces accountability and violates segregation of duties best practices;
- Results in the perception that priority is given to assignments deemed important to District Office Financial Aid and not to the colleges;
- Deemphasizes input from experienced financial aid staff at the colleges and hinders responsiveness to requests from other departments;
- Results in the perception that the District Office cannot always obtain the information it needs to perform certain tasks;
• Decreases controls to mitigate the risk of fraud, waste, and abuse.

**Engagement Results**

Overall, we identified control weaknesses that often hindered Financial Aid’s ability to operate efficiently and effectively. IT did not provide Internal Audit with any information in support of critical statements and controls as related to this project. IT control weaknesses further hinder the District’s ability to provide reports and data to assist management in mitigating the risks associated with fraud, waste, or abuse. This is primarily due to:

• IT staff not providing certain information to Internal Audit for review and unsegregated reporting relationships between IT and District Office Financial Aid.
• Limited definition of the various levels of access, including “super user” access to a District Office financial aid employee.
• Complex and inefficient work processes and policies and procedures that do not always reflect current practices;
• Insufficient training in job roles, responsibilities, and financial aid rules and regulations; and
• Staff turnover, communication issues between the District Office and the colleges, and other personnel matters.

Together, these weaknesses compound the District’s ability to ensure consistency in practices and distribution of information District-wide.

**Access Controls**

According to the Global Technology Audit Guide (GTAG), user accounts should be created based upon a profile. That is, IT profiles are established by job title, such that a new user account for a new employee could be created with relative ease and consistency across job titles. In order to gain access to PowerFaids and Banner, managers must complete an Access Request Form. This process takes IT staff approximately three weeks to complete because:

• The forms require multiple manager signatures across many departments before added to the IT work queue, resulting in employees paid while unable to perform certain work;
• Managers typically provide the name of another employee so that access rights can be mimicked and given to the requesting employee, as a result of no IT profile assignment.
• As a matter of practice, PowerFaids has 16 users groups and employees may be members of multiple user groups, adding to the complexity and lack of timeliness of granting access.

Prior to the consolidation of “back-office” operations, the colleges managed their own access to PowerFaids. The creation of user accounts in PowerFaids for new employees was completed in minutes as opposed to weeks. It should be noted, however, that the onboarding process District-wide is under review, as these issues were identified internally by the CCCD Executive Leadership Team. After consolidation, the number of user groups increased in order to accommodate the manner in which the colleges operated financial aid and utilized its personnel resources. District Office and college personnel
worked together to establish consistent levels of access for managers and hourly employees, but not for all other Financial Aid positions. According to District Financial Aid Management these efforts were temporarily halted due to staff turnover in key positions throughout Financial Aid District-wide. In addition, the same position at one college may perform different tasks than the same position at a different college, hence the creation of as many as 16 user groups. As a result, an employee at one college could have a different level of access than an employee at another college, even though they hold the same job classification.

GTAG also states that employee accounts that are no longer needed should be deactivated and deleted. According to IT staff, removing access for former employees faces similar challenges as granting new access. Employees may leave the organization or transfer to a different department. The IT Department does not always receive timely notification, if any notice at all. Prior to consolidation, the colleges were able to readily deactivate a user from PowerFaids; however post-consolidation, PowerFaids became part of the other CCCD systems subjected to the District-wide processes for removing users, for which CCCD also does not have a formalized exit process to remove employees from District IT systems. According to District Financial Aid Management, managers are expected to submit a request to the Help Desk to deactivate a user (from all systems, not just financial aid systems). Failure to remove employees from the various IT systems, including those with Financial Aid information, puts CCCD at risk for former employees accessing confidential information.

Lastly, there are three employees that have “super user” access to PowerFaids, two in IT and one in District Financial Aid. On the surface, it appears that segregation of duty parameters are in place; however, the PowerFaids backup does not know how to use all the privileges granted. The primary IT staff assigned to PowerFaids uses the access to not only perform IT duties, but also to edit and to change data, which is not a function of IT. As stated earlier in this report, the majority of the direction to IT staff is given from District Financial Aid, and one of these employees is the third “super user.” This employee has the ability to perform the same functions as IT, a level of access that is different from similar positions at the colleges. IT staff further stated that this employee only uses the “super user” access when the primary IT staff person is not available. Internal Audit was unable to determine why IT duties would fall upon financial aid staff, especially since the IT Department already designated a back-up. Due to the potential for issues related to segregation of duties, the practice of non-IT personnel serving as an “IT back-up” is not consistent with best practice. When Internal Audit requested data to verify financial aid transactions for this employee, IT did not provide any data for Internal Audit to review. Combined, these weaknesses create a potential risk for fraud and collusion, and CCCD cannot ensure controls are in place to mitigate this risk.

Audit Trails

According to Financial Aid and IT staff, PowerFaids has audit trails to assist in monitoring certain transactions in the system, but reports are not easily obtainable. Staff stated that PowerFaids does not have the ability to extract user security access data or audit trail information in report form, and any information received could only be analyzed by persons with PowerFaids and financial aid expertise. Therefore, Internal Audit was unable to confirm the extent to which audit trails exist and the extent to
which employee transactions are reviewed and monitored by management for appropriateness. While the District’s external auditors review certain transactions within the scope of their audit work, transactions are not reviewed at the employee detail level to detect any potential wrongdoing by internal personnel. However, there is evidence that audit trails exist at some level. During the review, an e-mail was sent to hundreds of students in error, and certain identifiers (audit trails) allowed personnel to identify the cause of the error.

Conversely, there are many manual inputs performed by financial aid staff District-wide for which audit trails do not exist. An audit trail will tell you a) “who” uploaded documents or entered certain information and b) what information changed, if any; however, the audit trail does not determine if the information uploaded or manually entered is accurate or complete. Since there are no audit trails for detecting accuracy and completeness, and there is no second level review performed by staff, the errors are often detected after disbursement. District Office Financial Aid reported that certain updates are not always completed timely by the colleges, which results in some students not receiving a financial aid disbursement in a timely manner. However, the colleges reported that in some cases, they are not always aware of errors prior to disbursement.

Overall, based upon limited to no secondary review of manual transactions, system limitations, and IT staff’s lack of responsiveness to Internal Audit’s requests for information, CCCD is unable to demonstrate the extent to which it mitigates the risks of fraud, waste, and abuse and ensure the accuracy and completeness of certain financial aid related data.

**Other Observations**

Audit reports issued by the CCCD external auditor for Fiscal Year (FY) 2009-10, FY 2010-11, FY 2011-12, 2012-13, and FY 2014-15 noted issues with untimely Return of Title IV Funds and calculation errors. In addition to Program Review findings issued by the Federal Department of Education (DOE), a consultant was hired to assist CCCD in responding to the DOE, and a different consultant was hired to perform a Business Process Analysis (BPA) of Financial Aid operations in January and February 2016. As a result of the BPA, the consultant provided recommendations for improving financial aid operations, including the items noted below; however according to District Office Financial Aid Management, the implementation of the recommendations is largely dependent upon the implementation of Banner Financial Aid.

Strata Information Group (SIG) performed a consulting engagement related to financial aid in May 2012, the results of which were used to standardize and consolidate “back-office” processing functions, procedures, disbursement dates and communications to students across the three colleges. During the course of the project, Internal Audit observed some items in the report that continue to be issues.

- Additional costs due to paying license for both Banner Financial Aid and PowerFaids.
  - Costs increased due to the need for additional PowerFaids licenses. These costs are paid for by the colleges using “categorical” funding from the State Chancellor’s Office.
- Processes too complex, creating delays.
  - Processes continue to be highly complex and include unnecessary layers, creating additional work for staff and potential risk of delays and errors.
One example observed by Internal Audit was related to one of the least complex processes, password resets. Staff is required to change PowerFaids passwords every 45 days. Attachment A on page 9 shows the process for resetting a password. This process often left staff unable to perform job duties for upwards of 3 and 4 days in some instances, due to the time it takes to obtain all the required approvals. Attachment B on page 10 shows the new streamlined process, which the colleges stated was requested for months. This new process was implemented in November 2015, when Internal Audit raised the issue during a monthly stakeholder meeting and District Office Executive Leadership directed the change.

- Board of Governors (BOG) Fee Waiver Decisions may not be accurate, and may be changed.
  - Since students may enroll at any of the three colleges, a student could have submitted different information on different applications for the BOG Fee Waiver or even provided updated information to one college, but not the other. IT staff stated that some BOG information is changed by the IT staff at the direction of the District Financial Aid Director without a) informing the applicable college or b) verifying the information. In a later meeting with District Financial Aid managers, it was reported that IT does not change BOG data, but instead there is a “script” that looks for inconsistencies in BOG data and creates an error file.\(^1\) Since the script was not provided, nor a record of the changes allegedly made by IT staff, Internal Audit was unable to review for accuracy. Therefore, the accuracy of BOG Waiver data, which is reported to the State Chancellor’s Office (SCO) is unknown.

- Management Information Systems (MIS) Reporting should be performed by the District, and not the third party vendor. Overall, this recommendation was implemented; however, Internal Audit identified the following:
  - District Research and IT staff reported that the process for obtaining data and creating the reports is complex because financial aid data resides in PowerFaids and not in Banner. Data is prepared in an electronic format, submitted to the SCO, and posted to the public website. According to District Office Financial Aid Management, once Banner Financial Aid is implemented the current challenges will be resolved. According to staff, data can be corrected, if needed, all year long; however, the information submitted by December each year is used for making categorical and other funding determinations.
  - During the project, Internal Audit noted that CCC reported information related to Federal Work Study (FWS) students, but GWC and OCC did not. Due to lack of understanding and staff turnover, GWC and OCC were not aware that the system was not capturing their FWS data, and the reports provided by the District Office staff to the college to review before finalizing the MIS submission were not closely reviewed by the colleges. However, once notified, both GWC and OCC received training from CCC financial aid staff and believe that the issue will be corrected in the future.

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\(^1\) BOG Waiver A-- Students who receive SSI or other benefit; BOG Waiver B-- Does not require documentation and the student self-reports income. BOG Waiver C-- Based upon information submitted by the student on the Free Application For Student Financial Aid (FAFSA).
Attachment A: Password Reset Process (Prior to Internal Audit Review)

Control is the supervisory approval. Risk is the staff downtime waiting for this approval and the reset. Benefit of control does not outweigh the cost associated with staff downtime, which could cause delays in getting work done timely and having the ability to serve students in a critical program area.

Control is the generation of a document that tracks the request from start to finish, include dates and staff to whom it is assigned. Enhances accountability of staff and provides activity information for management decision-making and analysis.

Depending on which process is used and the supervisor’s and IT’s availability, staff reported they could wait 1 hour or as long as 3 days for a password reset.

Downtime could be minimized by allowing staff to contact the Help Desk directly and by not requiring approval from the immediate supervisor.

Mitigating controls exist to prevent an employee from regaining access should management and/or HR determine such access should be removed. For example, only 2 IT staff would receive a request to activate or deactivate a user’s access. The likelihood of IT staff reactivating an employee after a deactivation request from management or HR could happen, but the risk is low.
Attachment B: Password Reset Process Effective November 2015

Employee & Help Desk no longer need to wait for immediate supervisor’s response in order to initiate Help Desk request.

User (staff level) requires PowerFails password reset

Employee emails Help Desk & cc’s Immediate Supervisor to request password reset

Help Desk generates a service ticket and assigns task to Financial Aid IT support staff.

YES

Help Desk generates a service ticket and assigns task to Financial Aid IT support staff.

Financial Aid IT Support Completes the Request and Closes Help Desk Ticket.

User Password is Reset

Campus Financial Aid Directors are no longer required to obtain approval from District Financial Aid Director in order to give their own staff access to their own college’s Financial Aid database.
## Summary of Results and Action Plan

### Finding 1: Policies and Procedures related to financial aid processes are not always current, and management and staff are not always trained on internal processes, creating a risk for inconsistency in carrying out job duties amongst the colleges and the District Office and distributing incorrect information to students and other stakeholders.

**Recommendation 1:** Management should a) evaluate, clarify, streamline and document current roles and responsibilities of managers and staff between the District Office and the three colleges and b) establish a training schedule that ensures personnel receive training related to their job duties and financial aid regulations, including refresher training on a periodic basis.

**Management Response/Action Plan:** Management concurs with the recommendation. The Vice Chancellor of Educational Services and Technology initiated in August 2015 the process to hire the same consultant from Strata Information Group who facilitated the May 2012 Financial Aid Business Process Analysis (BPA) to assist in the evaluation and streamlining of financial aid processes. A financial aid BPA, facilitated by this consultant, was conducted on January 13, 14, 22, 2016 and February 9, 2016. Once the consultant’s report is reviewed and discussed with all appropriate stakeholders, we will collaborate with the colleges and the District Office and work towards implementing relevant and agreed upon recommendations. We will continue to provide opportunities for training as needed for job duties and financial aid laws and regulations. It should be noted that certain necessary improvements in financial aid processes will not be possible to implement while still using PowerFaids and will depend on the implementation of Banner Financial Aid.

**Due Date:** 09/2017 (note – during the Banner Financial Aid implementation and post implementation different training will be provided based on changes relative to Banner Financial Aid functionality)

**Responsible Party:** Dr. Andreea Serban, Vice Chancellor Educational Services and Technology

### Finding 2: Financial Aid and Information Technology Departments do not always enforce the “staff to manager” reporting relationships and IT tasks are primarily assigned to one IT staff, hindering IT management’s ability to plan for business continuity, effectively assign and prioritize work projects for its staff, appropriately segregate duties, and mitigate the risks of fraud, waste, and abuse.

**Recommendation 2.1:** As Financial Aid and Information Technology transition from PowerFaids to Banner Financial Aid, management should ensure more than one IT staff person is fully trained and knowledgeable in financial aid operations, ensure staff understands and honors the reporting relationship within its own chain of command, and ensure work assignments and duties are balanced and segregated.

**Recommendation 2.2:** In order to address issues related to District Office Financial Aid and IT, in addition to other personnel matters (which were referred to Human Resources), the District’s leadership team should consider the cost/operational benefits of a) physically moving financial aid staff closer to the responsible Vice Chancellor; b) working with Human Resources to brainstorm ways in which personnel matters can be improved between the Financial Aid departments District-wide; and c) consider reorganizing the reporting structure of IT such that the IT Director reports to the Chancellor.

**Management Response/Action Plan:** Management concurs with the recommendation to have more than one IT staff trained and knowledgeable about financial aid operations. The Vice Chancellor of Educational Services and Technology indicated that the District Office financial aid staff is

**Due Date:** 12/2016

**Responsible Party:** Dr. Andreea Serban, Vice
physically located in the District IT area since Feb 2013 due to considerations related to space availability and to facilitate timely collaboration and resolution of issues which require assistance from IT. Due to these considerations, the Vice Chancellor of Educational Services and Technology stated that the current physical location of District Office financial aid staff should be maintained. In addition, District IT was part of the Educational Services and Technology division until October 1, 2015 because the majority of IT projects and ongoing tasks are related to and impact instruction and student services. The change in District IT reporting as directed by the Interim Chancellor was initially communicated as temporary pending an evaluation of District IT. The Interim Chancellor agrees to consider the recommendations and delegates to the Vice Chancellors of Administrative Services and Human Resources the review (cost/benefit) of the possibility of changing the IT Director reporting relationship to the Chancellor.

The Vice Chancellor of Educational Services and Technology, based on consensus and support from the Chancellor’s Cabinet and direction from the Interim Chancellor, contracted with a consultant to help transition financial aid from PowerFaids to Banner. It is anticipated that once the implementation of Banner Financial Aid is completed, IT will have two staff persons with equal knowledge and capability for managing Banner Financial Aid. As for the reporting relationships between managers and staff, the Vice Chancellors will work with personnel to clarify reporting lines. While there are many competing requests, it is understood that the District Office serves the District as a whole, and assignments should be balanced by need and priority, and workload should be balanced amongst the staff.

**Finding 3:** Financial Aid and IT staff struggle to add and remove users from IT Systems in a timely manner, creating an environment where some employees may be paid and unable to perform certain job duties, levels of access may not be consistent, and former employees potentially have access to confidential data.

**Recommendation 3:** Management should review the processes for adding and removing users from the system to ensure efficiency, and also evaluate the levels of access to ensure employees are assigned access based upon an IT profile unique to role and position.

**Management Response/Action Plan:** Management concurs with the recommendation. IT and Financial Aid management are aware of this issue and plan to not only decrease the number of user groups from 16 down to a more reasonable number (5-6), but to work together to create pre-defined IT profiles for onboarding new employees. Currently, there is a District-wide process improvement team looking into the onboarding process. When this process is complete, we will consider the recommendations for streamlining the onboarding process. We will also review processes for communicating exiting or transferring employees to IT so that access may

**Due Date:** 12/2016

**Responsible Party:** Dr. Andreea Serban, Vice Chancellor Educational Services and Technology

**Due Date:** 12/2016

**Responsible Party:** Dr. Andy Dunn, Vice Chancellor Administrative Services
be modified or removed as appropriate on a timely basis. In addition, we will incorporate a review process to verify current users against the District master employee information in Banner Human Resources to ensure only current employees have access to the District’s various systems.

**Finding 4:** Financial Aid operations are such that management is unable to readily evaluate the controls in place to mitigate fraud, waste, and abuse risks.

**Recommendation 4.1:** Management should review access and ensure appropriate and necessary access is given based on job responsibilities and that such parameters are transitioned from PowerFaids to Banner Financial Aid.

**Recommendation 4.2:** Management should work with PowerFaids and Banner Financial Aid to ensure certain key personnel are trained on how to extract, review, and monitor audit trails and transactions, and ensure processes are established to review such data.

**Management Response/Action Plan:** Management concurs with the recommendation. Financial Aid and IT will review the functions associated with “super user” access and other types of access and ensure that both IT and district and college financial aid personnel have the appropriate and necessary access to perform their job responsibilities. As we transition to Banner Financial Aid, we will work with the vendor and consultants assisting with the Banner Financial Aid implementation to identify audit trails and ensure appropriate staff is trained on how to not only access information, but also how to create reports that can be reviewed by appropriate personnel to monitor audit trails.

**Due Date:** 12/2016

**Responsible Party:** Dr. Andreea Serban, Vice Chancellor Educational Services and Technology

Dr. Andy Dunn, Vice Chancellor Administrative Services

**Finding 5:** Several issues identified in 2012 were not always implemented as intended or are still underway, creating complex and time burdensome processes, and processes for reviewing the accuracy and completeness of MIS reports should be consistently followed.

**Recommendation 5:** Since management is working with multiple consultants, it is recommended to review the consultant’s process streamlining suggestions and as a group, Financial Aid should consider and implement those recommendations in a manner that is beneficial district-wide, and develop a formal process for reviewing the accuracy and completeness of reports submitted to the State.

**Management Response/Action Plan:** Management concurs with the recommendation. Financial Aid personnel throughout the District will be provided a copy of the consultant’s report and will be invited to participate in the implementation of any recommendations. We will also revisit the MIS review and reporting process and make changes as necessary to ensure accuracy of reporting.

**Due Date:** 12/2016

**Responsible Party:** Dr. Andreea Serban, Vice Chancellor Educational Services and Technology