December 14, 2012

Mr. Peter Goldstein  
Vice Chancellor – Finance and Administration  
City College of San Francisco  
33 Gough Street  
San Francisco, California 94103

Dear Mr. Goldstein,

On November 19, 2012, our firm was hired by the San Francisco Community College District to review applicable fraud allegations described in two letters received by the District. We have completed our review of the reported allegations involving the District’s Financial Aid Office and the Accounting Office. After careful review of the applicable allegations, this report describes our results. In summary, we determined that there was insufficient information to support further investigation of any of the allegations we reviewed.

We would like to take this opportunity to thank the District representatives and staff and the internal audit staff that also participated in this project. Their collective interest and cooperation is appreciated.

Sincerely,

Jim Godsey  
Partner
Background
On October 4, 2012, an anonymous letter was sent by e-mail to Dr. Pam Fisher and Dr. Thelma Scott-Skillman alleging “illegal and unfair” practices in the City College of San Francisco’s (CCSF) Financial Aid office. The e-mail contained the allegations summarized in Figure 1 below.

Figure 1: Allegations within the October 4, 2012 Anonymous E-mail

<table>
<thead>
<tr>
<th>Allegation 1</th>
<th>“Interim Dean of Financial Aid, Roland Montemayor, knowingly create[d] phantom/fake student records to address audit inquiries regarding specific files and financial aid payments”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegation 2</td>
<td>“Interim Dean of Financial Aid, Roland Montemayor, knowingly falsified student records by adding late courses to various student records in order to comply with minimum units required to maintain financial aid”</td>
</tr>
<tr>
<td>Allegation 3</td>
<td>“Interim Dean of Financial Aid, Roland Montemayor, with assistance of specific financial aid faculty did knowingly deceive audit officials by fabricating fake files”</td>
</tr>
<tr>
<td>Allegation 4</td>
<td>“Interim Dean of Financial Aid, Roland Montemayor, did knowingly disburse private loans to at least one student who enrolled for purposes of receiving financial aid and then shortly after dropped his units”</td>
</tr>
<tr>
<td>Allegation 5</td>
<td>“Maria Pena, of the Mission Campus, was offered tens of thousands of dollars of additional overload time as a full time faculty member”</td>
</tr>
<tr>
<td>Allegation 6</td>
<td>“Full time counselors were told they would have to drop to part-time”</td>
</tr>
<tr>
<td>Allegation 7</td>
<td>“Preferential and unfair treatment has been practiced by the Interim Dean – review the overload hours for the last academic year, summer and fall”</td>
</tr>
<tr>
<td>Allegation 8</td>
<td>“Counselors are offered overload and many times are not serving or seeing students”</td>
</tr>
</tbody>
</table>
Investigation of Allegations
Against City College of San Francisco’s Financial Aid Office

On November 1, 2012, a second letter from a “concerned employee” was sent by U.S. Mail to CCSF’s Internal Auditor and addressed to Dr. Thelma Scott-Skillman and Dr. Edward Shenk. This second letter referenced the prior e-mail and additional “illegal and unfair practices.” The second letter contained the allegations summarized in Figure 2 below.

Figure 2: Allegations within the November 1, 2012 Anonymous Letter

<table>
<thead>
<tr>
<th>Allegation 9</th>
<th>“[Interim Dean of Financial Aid, Roland Montemayor], has been busy destroying and cleaning up files. However, the records that were altered in Banner cannot be reversed”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegation 10</td>
<td>“In preparation to the [external] auditor, Vice Chancellor Shenk, Associate Vice Chancellor Bilmont and Dean Montemayor ordered an audit of about 40 financial aid files. Unfortunately this audit was conducted by Financial Aid employees. This act is illegal since employees should not audit their own work”</td>
</tr>
<tr>
<td>Allegation 11</td>
<td>“In preparation of the upcoming audit, Associate Vice Chancellor Bilmont transferred the salary of Dean Montemayor from a categorical program to the CCSF unrestricted budget”</td>
</tr>
<tr>
<td>Allegation 12</td>
<td>“FCMAT found 44 Fiscal problems with the College and the accreditation report indicated that the majority of the problems at the College were Fiscal, yet John Bilmont continues thriving, he is the only administrator that was not demoted and his area is being augmented instead of being reorganized”</td>
</tr>
<tr>
<td>Allegation 13</td>
<td>“AVC John Bilmont has proven that he is one of the main reasons the College is in a financial crisis, therefore, he should not be allowed to continue making financial decisions on his own”</td>
</tr>
</tbody>
</table>

As a result of these communications our firm, the Community College District of San Francisco contracted with Macias, Gini and O’Connell, LLP to perform an investigation.
Investigation of Allegations  
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**Objective**
Our specific objective was to determine if there was sufficient information to warrant further investigation of the allegations described within the two anonymous letters.

**Scope**
Our review evaluated seven of the thirteen allegations. The remaining six allegations, Allegations 5 – 8 in Figure 1 and Allegations 12 – 13 in Figure 2, are management issues that were not subject to this fraud investigation.

The seven allegations we evaluated are listed in Figure 3 below.

**Figure 3: Allegations Included in Our Investigation**

<table>
<thead>
<tr>
<th></th>
<th>Allegation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allegation 1</td>
<td>“Interim Dean of Financial Aid, Roland Montemayor, knowingly create[d] phantom/fake student records to address audit inquiries regarding specific files and financial aid payments”</td>
</tr>
<tr>
<td>2</td>
<td>Allegation 2</td>
<td>“Interim Dean of Financial Aid, Roland Montemayor, knowingly falsified student records by adding late courses to various student records in order to comply with minimum units required to maintain financial aid”</td>
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<td>3</td>
<td>Allegation 3</td>
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</tr>
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<td>4</td>
<td>Allegation 4</td>
<td>“Interim Dean of Financial Aid, Roland Montemayor, did knowingly disburse private loans to at least one student who enrolled for purposes of receiving financial aid and then shortly after dropped his units”</td>
</tr>
<tr>
<td>5</td>
<td>Allegation 9</td>
<td>“[Interim Dean of Financial Aid, Roland Montemayor], has been busy destroying and cleaning up files. However, the records that were altered in Banner cannot be reversed”</td>
</tr>
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<td>6</td>
<td>Allegation 10</td>
<td>“In preparation to the [external] auditor, Vice Chancellor Shenk, Associate Vice Chancellor Bilmont and Dean Montemayor ordered an audit of about 40 financial aid files. Unfortunately this audit was conducted by Financial Aid employees. This act is illegal since employees should not audit their own work”</td>
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<td>7</td>
<td>Allegation 11</td>
<td>“In preparation of the upcoming audit, Associate Vice Chancellor Bilmont transferred the salary of Dean Montemayor from a categorical program to the CCSF unrestricted budget”</td>
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Procedures Performed
To determine if there was sufficient information to support further investigation of the allegations we:

1. Reviewed the financial aid process at CCSF as summarized in the Appendix;
2. Interviewed key staff members;
3. Evaluated and tested Financial Aid, registration and grade data from the Banner system\(^1\) for the period from April 1, 2012 and July 31, 2012\(^2\);
4. Gathered documentation relevant to the allegations; and
5. Attempted to contact the anonymous author of the initial e-mail.

We interviewed several key CCSF personnel to obtain an understanding of financial aid policies, procedures and processes as well as directly inquire about many of the allegations; as listed in Figure 4 below.

Figure 4: Interviews Performed with CCSF Personnel

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Edward Shenk</td>
<td>Interim Vice Chancellor of Student Development</td>
</tr>
<tr>
<td>John Bilmont</td>
<td>Assistant Vice Chancellor and Chief Financial Officer</td>
</tr>
<tr>
<td>Jorge Bell</td>
<td>Dean of the Mission Campus and Former Dean of Financial Aid</td>
</tr>
<tr>
<td>Roland Montemayor</td>
<td>Interim Dean of Financial Aid</td>
</tr>
<tr>
<td>Sophia Toney</td>
<td>Financial Aid Manager</td>
</tr>
<tr>
<td>Ric Jazaie</td>
<td>Internal Auditor</td>
</tr>
<tr>
<td>Susan Quan</td>
<td>Accountant III</td>
</tr>
<tr>
<td>Tina Hoang</td>
<td>Principal Accountant – Financial Aid Accounting</td>
</tr>
<tr>
<td>Aurora Rafael</td>
<td>Senior Systems Accountant, Retired – formerly managed the Financial Aid Accounting office.</td>
</tr>
</tbody>
</table>

\(^1\) For the purposes of our investigation, we relied on the Banner system data and did not evaluate its reliability.

\(^2\) We chose this period as the allegations in the first anonymous e-mail refer to a “summer audit”. April 1, 2012 through July 31, 2012 were the three months immediately preceding the audit conducted by Crowe Horwath.
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To determine if any CCSF personnel modified student files to intentionally deceive auditors we evaluated and tested student financial aid records, registration and grade data in the Banner system for the period from April 1, 2012 through July 31, 2012. We examined the registration, grade and Institutional Student Information Report (ISIR) data associated with records that were requested by Crowe Horwath LLP (Crowe Horwath) in the course of their financial audit, to determine:

1. If the students in the Crowe Horwath sample were registered in the Spring 2012 semester or Summer 2012 session;
2. If the ISIR data for the sampled registered students had been modified during the period; and
3. If grades were changed for the sampled registered students during same the period.

To further examine changes made within the period, we expanded our data analysis to include all Banner system data. For the same time period, we determined:

1. If Financial Aid Office personnel made changes to any registration data;
2. If Financial Aid Office personnel made changes to any grade data; and
3. Which departments were associated with changes to student ISIR data.

To gather more specific information about the allegations, we attempted to contact the anonymous author of the first e-mail. As the original allegation e-mail contained no contact information, we attempted to contact the anonymous author by responding to the e-mail address from which the initial e-mail was received. Despite three attempts during the course of our review, we received no response.

We conducted this investigation in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We conducted our investigation from November 19, 2012 through December 7, 2012.

Prior to issuing the final report, we provided a draft copy and discussed the report results with CCSF management.
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Principal Results

**Allegation 1 – “Knowingly create[d] phantom/fake student records to address audit inquiries regarding specific files and financial aid payments”**.

Conclusion: There is insufficient information to support further investigation of this allegation.

Analysis: The Student Financial Aid office has no ability to create student financial aid records independently. Our process reviews and interviews confirm that student financial aid records can only be created in CCSF’s Banner system via the U.S. Department of Education’s Free Application for Student Financial Aid (FAFSA) process. We did not identify suspicious modification to records requested by CCSF’s external auditor. Our examination indicated that of the 60 students in the Crowe Horwath sample, 56 had been enrolled in the spring semester and the summer session. None of the ISIR data for the 56 students had been modified. However, there were two grade changes noted in the sample population: one for an instructor-initiated change and one for a late grade submission. Both changes were processed by authorized Admissions and Records personnel and are not regarded as suspicious.

Our further examination of all Banner system data during the same period also did not reveal any improper changes. Specifically, we found that no Financial Aid Office personnel made any changes to grade data and only appropriate Financial Aid Office personnel made changes to ISIR data. One Financial Aid office employee, Edward Covolo, was noted to have made multiple entries to the ISIR data for non-credit courses. According to Jorge Bell, Dean of the Mission Campus, “Covolo is part of the ‘One Stop’ initiative to have employees cross trained and support each other’s activities (admissions, matriculation, counseling and financial aid) at different centers.” As such, Covolo’s activity is authorized and monitored as part of the Admissions and Records process.

Access to the Banner system is controlled by position with each position having a designated set of transactions it may perform and an access type, (read-only versus edit). CCSF policy requires an annual review of the Banner system’s access controls and segregation of duties. As previously described, we only analyzed changes made to selected Banner system data during the four month time frame of our review. Additionally, Banner system software is largely standardized and customization of its applications has been limited\(^3\). For example, some of CCSF’s unique reporting needs are addressed by SQL-based reports developed by the Financial Aid Office’s programmer. Finally, all staff that we interviewed indicated that the Banner system’s financial aid controls are strong and did not believe that these controls could be bypassed.

**Allegation 2 – “Knowingly falsified student records by adding late courses to various student records in order to comply with minimum units required to receive financial aid.”**

Conclusion: There is insufficient evidence to support further investigation of this allegation.

Analysis: As previously discussed within Allegation 1, we found no relevant or improper changes were made to student data between April 1, 2012 and July 31, 2012. We also found that no unauthorized Financial Aid officer user identifications (user IDs) appear among the user IDs associated with the registration transactions, including the addition and deletion of courses, made during the same period.

We also found that once CCSF has paid a student all of their authorized financial aid, the units are “locked”. If the student adds or drops units after that date; there is no increase or decrease in the payment. If the student drops all courses (i.e. withdraws) before 60 percent of the semester has elapsed, the student will be subject to the “Return of Title IV” calculation in which the Financial Aid Accounting

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\(^3\) Sophia Toney, Financial Aid Manager indicated that CCSF’s Financial Aid portion of the banner system has not had any modifications. Dean Jorge Bell, the former Dean of Financial Aid, indicated that customization of the Banner system was limited to two minor modifications.
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Office calculates and bills the student for return of Title IV grants. If a student has not completed their financial aid file by the cut-off date and has not been paid yet, they will be paid when they become eligible based on the number of units at that time.

Finally, the minimum units required to receive financial aid is low at only .5 units. For this reason, there does not appear to be a need to add additional units in order to qualify for financial aid.

**Allegation 3 – “With assistance of specific financial aid faculty did knowingly deceive audit officials by fabricating fake files.”**

Conclusion: There is insufficient evidence to support further investigation of this allegation.

Analysis: As discussed above within Allegation 1, we found no relevant or improper changes were made to student data between April 1, 2012 and July 31, 2012 and the college has no ability to independently create student financial aid files. All student financial aid records for fiscal year 2011-12 are within the Banner system; there are no hard copy files. Finally, each of our interviewees indicated that it would be very difficult to create a fake student record in the Banner system.

**Allegation 4 – “Interim Dean of Financial Aid did knowingly disburse private loans to at least one student who enrolled for purposes of receiving financial aid and then shortly after dropped his units.”**

Conclusion: There is insufficient evidence to support further investigation of this allegation.

Analysis: CCSF does not disburse private loans. CCSF’s only involvement in private loan disbursement is initially confirming with the lending institution that the student borrower is enrolled. We also found that once CCSF has paid a student all of their authorized financial aid, the units are “locked”.

**Allegations 5 – 8 Issues Not Subject to Our Investigation**

**Allegation 9 – “[Montemayor] has been busy destroying and cleaning up many of the files. However, the records that were altered in Banner cannot be reversed.”**

Conclusion: There is insufficient evidence to support further investigation of this allegation.

Analysis: As described previously in Allegation 1, all current financial aid files are maintained in the Banner system. Use of hard copy files was discontinued approximately two years ago. As a result some hard copy files do exist in the Financial Aid offices for academic years 2009-10 and prior. These hard copy files are retained for five years following the close of the academic year and then destroyed in the spring of the sixth year.

In addition, the data for the Crowe Horwath sample population was evaluated for changes to the Institutional Student Information Report (ISIR), registration status and grades during the period from April 1, 2012 through July 31, 2012. No relevant improper changes were found. Finally, there is no evidence that the Interim Dean of Financial Aid, Roland Montemayor, made any changes within the Banner system during this period to students’ ISIR, registration or grade data as his user ID does not appear among any of the data reviewed.

**Allegation 10 – “In preparation to the [external] auditor, Vice Chancellor Shenk, Associate Vice Chancellor Bilmont and Dean Montemayor ordered an audit of about 40 financial aid files. Unfortunately this audit was conducted by Financial Aid employees. This act is illegal since employees should not audit their own work.”**

Conclusion: There is insufficient information to support further investigation of this allegation.
Analysis: A preparatory desk review or audit of the Financial Aid files by Financial Aid staff is an appropriate management activity. In fact, desk reviews have historically been used by Financial Aid management as a quality control and training tool. Additionally, Vice Chancellor Shenk could not have participated in or initiated a desk review or audit prior to the Crowe Horwath audit as he did not join CCSF until mid-October 2012, at least three months after the alleged incident.

**Allegation 11** – “In preparation of the upcoming audit, Associate Vice Chancellor Bilmont transferred the salary of Dean Montemayor from a categorical program to the CCSF unrestricted budget.”

Conclusion: There is insufficient information to support further investigation of this allegation.

Analysis: Interim Dean of Financial Aid, Roland Montemayor’s salary was allocated entirely to CalWorks in fiscal year 2011-12. According to Chief Financial Officer John Bilmont, Dean Jorge Bell and Interim Dean Montemayor, his salary should have been allocated 25 percent to CalWorks and 75 percent to CCSF’s unrestricted General Fund. For this reason, CCSF performed adjustments for year-end financial reporting for CalWorks resulting in a net transfer-in to CalWorks from its General Fund to cover 75 percent of Dean Montemayor’s salary. This net transfer-in corrected the allocation for fiscal year 2012. These adjustments were performed after the Crowe Horwath audit was initiated. The Chief Financial Officer currently has Dean Montemayor’s salary allocated entirely to the General Fund for fiscal year 2012-13 and plans to make any necessary adjustments at year-end.

While these year-end financial adjustments are not indicative of fraud, an internal control deficiency was identified related to self-certification of time allocated to programs. In response to a November 6, 2012 request from Crowe Horwath for support of the 25 percent allocation of Interim Dean Montemayor’s salary to CalWorks in fiscal year 2011-12, Dean Bell and Interim Dean Montemayor provided a self-certification of the percentage of Interim Dean Montemayor’s total work time spent on CalWorks activities in fiscal year 2011-12. The certification was signed by both Dean Bell and Interim Dean Montemayor on November 16, 2012 and indicates that Dean Montemayor spent 25 percent of his time performing Calworks duties in fiscal year 2011-12. Interim Dean Montemayor was also able to provide copies of the timesheets he signed for the CalWorks’ employee he supervised in fiscal year 2011-12.

The CalWorks Program, similar to other state and federally funded programs, requires an objective basis for allocating any portion of an employee’s salary to CalWorks. CCSF’s reliance on the completion of a self-certification of time spent on CalWorks activities in fiscal year 2011-12 is not as strong of a control as utilizing other more formal and independent methods, such as a time study. Finally, when new employees start work at CCSF the Human Resources office enters the employees’ salary allocations into the payroll system. Because employees throughout CCSF may transfer to different departments, employees’ salary allocations must be reviewed on a regular basis. Had such a review been performed, the incorrect salary allocation for Roland Montemayor could have been identified earlier. Prior to working in the Student Financial Aid office, Mr. Montemayor worked on a full-time basis for the CalWorks Program. According to the Chief Financial Officer, John Bilmont, staff reductions has eliminated the Budget Analyst position that was formerly responsible for maintaining accurate salary allocation information.

**Allegations 12 – 13**  
**Issues Not Subject to Our Investigation**
Appendix A – Financial Aid Process Overview

Based on interviews with multiple CCSF personnel and independent research into Department of Education procedures, we developed the following overview of the Financial Aid Process at CCSF.

1. A request for financial aid is initiated by the student through the U.S. Department of Education’s Free Application for Student Financial Aid (FAFSA) process. The application is generally done on-line via a web interface. The student concurrently applies to colleges and/or universities of choice.
2. The FAFSA application is submitted for review to the Department of Education (DOE). The DOE reviews and validates:
   a. If the Social Security numbers of the student and other household members valid; and
   b. If the data is internally consistent (e.g. do two college students in an independent student’s household make sense?)
3. Following the DOE review, a Student Aid Report (SAR) is sent to the student. The SAR may note no issues, minor issues, or significant issues.
   a. Significant issues require a student to respond to the DOE before the FAFSA request is approved.
   b. More minor issues (e.g. if a male student hasn’t registered with the Selective Service) are simply flagged for school-level review.
4. Once the SAR process is completed, an Institutional Student Information Report (ISIR) is sent to CCSF.
5. CCSF programmatically matches the ISIR to the student application.
   a. If there is no match, the ISIR is held in a pending file. The pending file is worked by Financial Aid office specialists who follow-up with the student to determine their application/registration intent.
   b. If there is a match, the merged data is loaded into the Banner system.
6. The Banner system creates the student’s Financial Aid file.
7. The Financial Aid Office e-mails a document requirement letter to the student with a link to the forms that the student needs to complete.
8. The Student completes and submits the financial aid forms in person to the Financial Aid Office.
9. The aid request is reviewed and awarded following pre-determined guidelines taking into consideration units, number of dependents, expected level of family contribution, etc. and resolution of any of DOE-flagged SAR issues.
   a. Students respond to flagged issues with appropriate federally-defined documentation (e.g. confirmation of registration with the Selective Service).
   b. The Financial Aid office reviews the documentation and, if appropriate, approves it, indicating that that it resolves the issue in their “professional judgment.” The documentation is then scanned and loaded into the Banner system.
   c. “Professional judgment” approvals are reviewed by peers or management.
   d. The Banner system transmits the status update to the DOE.
10. Assuming the file is complete, the first tranche of aid is disbursed five days following start of academic period. The second tranche is disbursed based on a CCSF-specified cut-off date that does not necessarily coincide with the official add/drop deadline.
11. Disbursement is made by the Financial Aid Accounting office (independent of the Financial Aid office and part of the Finance and Accounting organization).