

# **NORTH SHORE COMMUNITY COLLEGE**

**(an agency of the Commonwealth of Massachusetts)**

---

**INDEPENDENT AUDITORS' REPORTS AS REQUIRED  
BY THE UNIFORM GUIDANCE AND *GOVERNMENT*  
*AUDITING STANDARDS* AND RELATED  
INFORMATION**

**JUNE 30, 2021**

**NORTH SHORE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

**Independent Auditors' Reports as Required by the Uniform Guidance and  
*Government Auditing Standards* and Related Information**

**June 30, 2021**

**C O N T E N T S**

---

<b>Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance</b>	1 - 3
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	4 - 5
Schedule of Expenditures of Federal Awards	6 - 7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9 - 12
<b>Required Auditee Information:</b>	
Management's Summary Schedule of Prior Audit Findings	13 - 15



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
North Shore Community College  
Danvers, Massachusetts

### **Report on Compliance for Each Major Federal Program**

We have audited North Shore Community College's (an agency of the Commonwealth of Massachusetts) (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's 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* (the "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 the College's 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 the College's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the College 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, 2021.

### **Report on Internal Control over Compliance**

Management of the College 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 the College's 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 the College's 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.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the College, as of and for the year ended June 30, 2021. We issued our report thereon dated October 26, 2021, 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. 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 basic 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 basic 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**Certified Public Accountants  
Braintree, Massachusetts**

January 28, 2022

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 26, 2021)



## **INDEPENDENT AUDITORS' 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***

To the Board of Trustees  
North Shore Community College  
Danvers, Massachusetts

We have audited, in accordance with 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 North Shore Community College (the "College"), which comprise the statement of net position as of June 30, 2021, the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 26, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's 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.

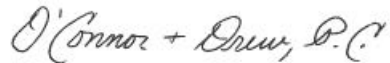
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Certified Public Accountants  
Braintree, Massachusetts**

October 26, 2021

**SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**



**NORTH SHORE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2021**

	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>					
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Federal Supplemental Educational Opportunity Grant Program	84.007	N/A	N/A	\$ 300,283	\$ -
Federal Pell Grant Program	84.063	N/A	N/A	7,184,745	-
Federal Direct Student Loans	84.268	N/A	N/A	<u>4,212,571</u>	<u>-</u>
Total Student Financial Assistance Cluster				<u>11,697,599</u>	<u>-</u>
<b>TRIO CLUSTER</b>					
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Student Support Services	84.042A	N/A	N/A	550,324	-
Talent Search	84.044A	N/A	N/A	337,654	-
Upward Bound	84.047A	N/A	N/A	415,206	-
<b>Pass-through Awards:</b>					
Educational Opportunities Centers	84.066A	Mass Ed Co	P066A21008	<u>195,100</u>	<u>-</u>
Total TRIO Cluster				<u>1,498,284</u>	<u>-</u>
<b>NON-CLUSTER</b>					
<b>U.S. Department of Justice:</b>					
<b>Direct Awards:</b>					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	N/A	<u>29,782</u>	<u>-</u>
<b>U.S. Department of Education:</b>					
<b>Direct Awards:</b>					
Title III Part A Program - Strengthening Institutions	84.031A	N/A	N/A	\$ 418,405	\$ -
COVID-19 - Higher Education Emergency Relief Fund - Student Aid Portion*	84.425E	N/A	N/A	1,928,975	-
COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion*	84.425F	N/A	N/A	5,224,256	-
COVID-19 - Higher Education Emergency Relief Fund - Minority Serving Institutions Program*	84.425L	N/A	N/A	215,285	-
<b>Pass-through Awards:</b>					
Adult Education - Basic Grants to States**	84.002	Massachusetts Department of Education	340-0186-1225-Q	117,691	-
Workplace Planning II**	84.002A	Massachusetts Department of Education	494-280586-2019-1225	93,771	-
Career and Technical Education - Basic Grants to States	84.048	Massachusetts Department of Education	401-002-6-1225-Q	<u>265,468</u>	<u>-</u>
Total U.S. Department of Education				8,263,851	-

*See accompanying notes to the schedule of expenditures of federal awards.*

**NORTH SHORE COMMUNITY COLLEGE**  
 (an agency of the Commonwealth of Massachusetts)

**Schedule of Expenditures of Federal Awards - Continued**

**Year Ended June 30, 2021**

	<u>Assistance Listing Number</u>	<u>Pass-Through Entity</u>	<u>Pass-Through Entity Award Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>NON-CLUSTER - CONTINUED</b>					
<b>U.S. Department of Health and Human Services:</b>					
<b>Direct Awards:</b>					
Mental and Behavioral Health Education and Training Grants	93.732	N/A	N/A	<u>327,260</u>	<u>25,000</u>
Total Non-Cluster				<u>8,620,893</u>	<u>25,000</u>
<b>Total Federal Funds</b>				<b><u>\$ 21,816,776</u></b>	<b><u>\$ 25,000</u></b>

\*Subtotal of Assistance Listing Number 84.425 programs is \$7,368,516

\*\*Subtotal of Assistance Listing Number 84.002 programs is \$211,462

*See accompanying notes to the schedule of expenditures of federal awards.*

**NORTH SHORE COMMUNITY COLLEGE**  
**(an agency of the Commonwealth of Massachusetts)**

**Notes to the Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2021**

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of North Shore Community College (the “College”) under programs of the Federal Government for the year ended June 30, 2021. The information on this Schedule is prepared 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”). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the College.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3 - **Indirect Cost Rate**

The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - **Federal Direct Student Loan Program**

The College disbursed \$4,212,571 of loans under the Federal Direct Student Loan program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the College under the program as of June 30, 2021. The College is only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the College’s financial statements.

**NORTH SHORE COMMUNITY COLLEGE**  
**(an agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2021**

**Section I – Summary of Auditors’ Results:**

***Financial Statements***

Type of auditors’ report issued:	Unmodified	
Internal control over financial reporting:		
• Material weaknesses identified?	_____ yes	<u>  x  </u> no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<u>  x  </u> no
Noncompliance material to the financial statements noted?	_____ yes	<u>  x  </u> no

***Federal Awards***

Type of auditors’ report issued on compliance for major programs:	Unmodified	
Internal control over major programs:		
• Material weaknesses identified?	_____ yes	<u>  x  </u> no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<u>  x  </u> no
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ yes	<u>  x  </u> no

**NORTH SHORE COMMUNITY COLLEGE**  
**(an agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2021**

*Identification of Major Programs*

<b>Name of Federal Program or Cluster</b>	<b>Assistance Listing Number</b>
Education Stabilization Fund:	
Higher Education Emergency Relief Fund – Student Aid Portion	<b>84.425E</b>
Higher Education Emergency Relief Fund – Institutional Portion	<b>84.425F</b>
Higher Education Emergency Relief Fund – Minority Serving Institutions	<b>84.425L</b>
Mental and Behavioral Health Education and Training Grants	<b>93.732</b>

Dollar threshold used to distinguish between  
type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

  x   yes         no

**NORTH SHORE COMMUNITY COLLEGE**  
**(an agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2021**

**Section II – Financial Statement Findings:**

None.

**NORTH SHORE COMMUNITY COLLEGE**  
**(an agency of the Commonwealth of Massachusetts)**

**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2021**

**Section III - Federal Award Findings and Questioned Costs:**

None.



A PUBLIC REGIONAL  
COMMUNITY COLLEGE

COMMONWEALTH OF  
MASSACHUSETTS

Danvers • Lynn • Beverly

**NORTH·SHORE**  
COMMUNITY COLLEGE

1 Ferncroft Road  
P.O. Box 3340  
Danvers, Massachusetts 01923-0840

Danvers Campus  
Telephone: 978-762-4000

Lynn Campus  
Telephone: 781-593-6722

Institute for Corporate Training & Technology/Beverly  
Telephone: 978-236-1200

[www.northshore.edu](http://www.northshore.edu)

## Management's Summary Schedule of Prior Audit Findings

**Finding number:** 2020-001  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**Assistance Listing #'s:** 84.063, 84.268  
**Award year:** 2020

### **Condition:**

The Federal Government requires the College to report student enrollment changes to the National Student Loan Data System ("NSLDS") within sixty days.

*Award Year 2020:* Out of a sample of forty students with enrollment status changes, one student's status change was not reported to NSLDS within the required timeframe, and one student's status was never reported to NSLDS.

*Award Year 2019:* Two students had status changes that were not reported to NSLDS within the required 60-day time frame. Reporting status changes occurred 9 and 10 days after the required deadline. Two students had status changes that were reported with an incorrect effective date.

*Award Year 2018:* Out of a sample of forty students with enrollment status changes, one student was never reported to NSLDS. One student's change was not reported in a timely manner to NSLDS.

*Award Year 2017:* Out of a sample of forty students with enrollment status changes, one student, who received a Pell Grant, was never reported to NSLDS.

*Award Year 2016:* Out of a sample of forty students with enrollment status changes, one student's change was not reported to the NSLDS. The student withdrew in November 2015 and was later readmitted to the College in the spring semester.

*Award Year 2015:* Out of a sample of twenty-five students with enrollment status changes, two of the students' changes were not reported in a timely manner to the NSLDS.

### **Current Year Status:**

Corrective action was implemented during the year.





A PUBLIC REGIONAL  
COMMUNITY COLLEGE

COMMONWEALTH OF  
MASSACHUSETTS

Danvers • Lynn • Beverly

**NORTH·SHORE**  
COMMUNITY COLLEGE

1 Ferncroft Road  
P.O. Box 3340  
Danvers, Massachusetts 01923-0840

Danvers Campus  
Telephone: 978-762-4000

Lynn Campus  
Telephone: 781-593-6722

Institute for Corporate Training & Technology/Beverly  
Telephone: 978-236-1200

[www.northshore.edu](http://www.northshore.edu)

## **Management's Summary Schedule of Prior Audit Findings - Continued**

**Finding number:** 2020-002  
**Federal agency:** U.S. Department of Education  
**Programs:** Student Financial Assistance Cluster  
**Assistance Listing #'s:** 84.063  
**Award year:** 2020

### ***Condition:***

Federal regulations state that any unearned Title IV grant or loan assistance received by a student must be refunded to the Title IV programs upon a student's withdrawal from the institution. The College has 45 days from the date they determined the student withdrew to return any unearned portions of Title IV funds.

*Award Year 2020:* During our testing, we noted two students, out of a sample of twenty-two, had unearned Title IV aid that was not returned to the Federal Government, within 45 days of the determined withdrawal date. Funds were returned two days after the required deadline.

*Award Year 2019:* During our testing, we noted one student, out of a sample of twenty-three, had unearned Title IV aid that was not returned to the Federal Government, within 45 days of the determined withdrawal date, by 181 days.

### ***Current Year Status:***

Corrective action was implemented during the year.



A PUBLIC REGIONAL  
COMMUNITY COLLEGE

COMMONWEALTH OF  
MASSACHUSETTS

Danvers • Lynn • Beverly

**NORTH·SHORE**  
COMMUNITY COLLEGE

1 Ferncroft Road  
P.O. Box 3340  
Danvers, Massachusetts 01923-0840

Danvers Campus  
Telephone: 978-762-4000

Lynn Campus  
Telephone: 781-593-6722

Institute for Corporate Training & Technology/Beverly  
Telephone: 978-236-1200

[www.northshore.edu](http://www.northshore.edu)

## Management's Summary Schedule of Prior Audit Findings - Continued

**Finding number:** 2020-003  
**Federal agency:** U.S. Department of Education  
**Programs:** Higher Education Emergency Relief Fund  
**Assistance Listing #:** 84.425E, 84.425F  
**Award year:** 2020

***Condition:***

Section 18004(a)(1) of the Coronavirus Aid, Relief, and Economic Security Act required that institutions submit an Annual Report to the Department of Education that details the institution's annual expenditures accurately and that the expenditures reconcile with institution's underlying records.

*Award Year 2020:* The College included the student aid amount award through December 31, 2020 in the institutional aid section of the report, therefore overstating the amount of institutional aid expended.

***Current Year Status:***

The next Annual Report Submission is due subsequent to this report in February 2021. Management agreed with the auditor's finding and has updated procedures to include a second review prior to submission of the next report.