

**NORTH SHORE COMMUNITY  
COLLEGE**

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

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

**JUNE 30, 2017**

**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, 2017**

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

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## **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 of  
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 *U.S. Office of Management and Budget ("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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 of America; 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, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to these matters.

The College's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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. We identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2017-001 and 2017-002 that we consider to be significant deficiencies.

The College's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the College as of and for the year ended June 30, 2017. We issued our report thereon dated October 18, 2017 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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.

*O'Connor and Duen, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

March 13, 2018

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 18, 2017)



## **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 of  
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 statements of net position as of June 30, 2017 and 2016, the related statements of revenues, expenses and changes in net position and cash flows for the years 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 18, 2017.

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connell and Dineen, P.C.

**Certified Public Accountants  
Braintree, Massachusetts**

October 18, 2017

**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, 2017**

	<b>CFDA Number</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Award Number</b>	<b>Federal Expenditures</b>	<b>Total by Program</b>	<b>Passed Through to Subrecipients</b>
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>						
<b>U.S. Department of Education:</b>						
<b>Direct Awards:</b>						
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 199,493	\$ 199,493	\$ -
Federal Work-Study Program	84.033	N/A	N/A	145,357	145,357	-
Federal Pell Grant Program	84.063	N/A	N/A	9,315,409	9,315,409	-
Federal Direct Student Loans	84.268	N/A	N/A	8,935,587	8,935,587	-
Total Student Financial Assistance Cluster				<u>18,595,846</u>	<u>18,595,846</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	464,119	464,119	-
Talent Search	84.044A	N/A	N/A	203,941	203,941	-
Upward Bound	84.047A	N/A	N/A	412,725	412,725	-
Subtotal - Direct Awards				<u>1,080,785</u>	<u>1,080,785</u>	<u>-</u>
<b>Pass-through Awards:</b>						
Educational Opportunities Centers	84.066A	Colleges of Worcester Consortium	P066A110029-14	162,375	162,375	-
Total TRIO Cluster				<u>1,243,160</u>	<u>1,243,160</u>	<u>-</u>
<b>NON-CLUSTER</b>						
<b>U.S. Department of Labor:</b>						
<b>Pass-through Awards:</b>						
Trade Adjustment Assistance Community College and Career Training ("TAACCCT") Grant	17.282	Quinsigamond Community College	TC-26450-14-60-A-25	(59)		-
Trade Adjustment Assistance Community College and Career Training ("TAACCCT") Grant	17.282	Massasoit Community College	V00286761	260,972	260,913	-
Subtotal - Pass-through Awards				<u>260,913</u>	<u>260,913</u>	<u>-</u>
<b>U.S. Department of Justice:</b>						
<b>Direct Awards:</b>						
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	N/A	\$ 41,232	\$ 41,232	\$ -

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

**NORTH SHORE COMMUNITY COLLEGE**  
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**Schedule of Expenditures of Federal Awards - Continued**

**Year Ended June 30, 2017**

	<b>CFDA Number</b>	<b>Pass-Through Entity</b>	<b>Pass-Through Entity Award Number</b>	<b>Federal Expenditures</b>	<b>Total by Program</b>	<b>Passed Through to Subrecipients</b>
<b>NON-CLUSTER - CONTINUED</b>						
<b>U.S. Department of Education:</b>						
<b>Direct Awards:</b>						
Special Education - State Personnel Development	84.323	N/A	N/A	\$ 37,638	\$ 37,638	\$ -
Race to the Top	84.412	N/A	N/A	(1)	(1)	-
Subtotal - Direct Awards				<u>37,637</u>	<u>37,637</u>	<u>-</u>
<b>Pass-through Awards:</b>						
Adult Education -- Basic Grants to States	84.002	Massachusetts Department of Education	340-0186-1225-Q	206,688		-
Adult Education -- Basic Grants to States	84.002	Massachusetts Department of Education	340-0186-1225-Q	<u>13</u>	206,701	-
Career and Technical Education -- Basic Grants to States	84.048	Massachusetts Department of Higher Education	401-002-6-1225-Q	<u>230,524</u>	<u>230,524</u>	-
Subtotal - Pass-through Awards				437,225	437,225	-
Total Non-Cluster				<u>777,007</u>	<u>777,007</u>	<u>-</u>
<b>Total Federal Funds</b>				<u>\$ 20,616,013</u>	<u>\$ 20,616,013</u>	<u>\$ -</u>

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

**NORTH SHORE COMMUNITY COLLEGE**  
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**Notes to Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2017**

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, 2017. 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 assets 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 in accordance with 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. The College charges the indirect cost rate as negotiated with the cognizant agency or the requisite program. For some grants, the College elected not to use the applicable indirect cost rate in order to provide additional funds for programmatic needs.

Note 4 - **Federal Direct Student Loans**

The College disbursed \$8,935,587 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. The College is only responsible for the performance of certain administrative duties and, accordingly, there are no significant continuing compliance requirements and these loans are not included in the College’s financial statements.

**NORTH SHORE COMMUNITY COLLEGE**  
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**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2017**

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

***Financial Statements***

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  no

Noncompliance material to the financial statements noted?  yes  no

***Federal Awards***

Type of auditors’ report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  no

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

**NORTH SHORE COMMUNITY COLLEGE**  
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**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2017**

*Identification of Major Programs*

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	
Federal Supplemental Educational Opportunity Grant Program	<b>84.007</b>
Federal Work-Study Program	<b>84.033</b>
Federal Pell Grant Program	<b>84.063</b>
Federal Direct Student Loans (Note 4)	<b>84.268</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**  
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**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2017**

**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, 2017**

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

**Finding number:** 2017-001  
**Federal agency:** U.S. Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA #'s:** 84.063, 84.268  
**Award year:** 2017

***Criteria***

According to 34 CFR Section 685.309(b)(2):

A school shall, unless it expects to submit its next student status confirmation report to the Secretary within the next sixty days, notify the Secretary within thirty days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who:

- 1) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
- 2) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- 3) Has changed his or her permanent address.

The Dear Colleague Letter GEN-12-06 (the “Letter”) issued by the U.S. Department of Education (“ED”) on March 30, 2012 states that in addition to student loan borrowers, Enrollment Reporting files will include two additional groups of students: Pell Grant and Perkins Loan recipients.

According to 2 CFR Part 200, Appendix XI, Compliance Supplement Updated June 2017:

Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster placed in their Student Aid Interest Gateway mailboxes sent by ED via the National Student Loan Data System (“NSLDS”). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

**NORTH SHORE COMMUNITY COLLEGE**  
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**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2017**

***Condition***

The Federal Government requires the College to report student enrollment changes to NSLDS within sixty days. Out of a sample of forty students with enrollment status changes, one student, who received a Pell Grant, was never reported to NSLDS.

***Cause***

The failure to report the student to NSLDS was due to a communication issue between the College and the third-party servicer the College uses to report status changes, the National Student Clearinghouse (“NSC”). The student’s file was put on the NSC’s Reject Detail Report due to a name conflict. The conflict was not resolved by the College.

***Effect***

The College did not properly report the student to NSLDS. For students receiving loan funds, improper enrollment reporting may result in the student’s loan deferment period being incorrectly calculated. Additionally, those students would be responsible for any interest changes.

***Questioned Costs***

Not applicable

***Perspective***

Our sample was not, and was not intended to be, statistically valid. Of forty students selected for testing, one student, or 2.5% of our sample, was not reported to NSLDS.

***Identification as a Repeat Finding, if applicable***

See finding 2016-002 included in the Management’s Summary Schedule of Prior Audit Findings.

***Recommendation***

We recommend that the College ensure that the Registrar’s Office has the proper policies and procedures in place to resolving any conflicts reported on the NSC’s Reject Detail Report in a timely manner.

***Views of Responsible Officials***

The College agrees with this finding.

The failure to report the student to NSLDS was due to a communications issue between the College and the third-party servicer the College uses to report status changes, the National Student Clearinghouse (“NSC”). The student’s file was put on the NSC’s Reject Detail Report due to a name conflict. The conflict was not resolved by the College.

**NORTH SHORE COMMUNITY COLLEGE**  
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**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2017**

**Finding number:** 2017-002  
**Federal agency:** U.S. Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA #'s:** 84.007, 84.063, 84.268  
**Award year:** 2017

***Criteria***

According to 34 CFR Section 668.22(f):

*Percentage of payment period or period of enrollment completed.* For purposes of paragraph (e)(2)(i) of this section, the percentage of the payment period or period of enrollment completed is determined:

- i. In the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days completed in that period as of the student's withdrawal date; and
- ii. In the case of a program that is measured in clock hours, by dividing the total number of clock hours in the payment period or period of enrollment into the completed clock hours:
  - A. Completed by the student in that period as of the student's withdrawal date; or
  - B. Scheduled to be completed as of the student's withdrawal date, if the clock hours completed in the period was not less than 70 percent of the hours that were scheduled to be completed by the student as of the student's withdrawal date.

According to the *2016-2017 Federal Student Aid Handbook (Vol. 5, Pg. 81)*:

Only scheduled hours are used to determine the percentage of the period completed by a student withdrawing from a clock-hour program.

For a clock-hour program, the percentage of the period completed is determined by dividing the number of hours the student was scheduled to complete in the payment period or period of enrollment, as of the day the student withdrew, by the total number of clock hours in the same period.

A student withdrawing from a clock-hour program earns 100% of his or her aid if the student's withdrawal date occurs after the point that he or she was scheduled to complete more than 60% of the scheduled hours in the payment period or period of enrollment.

**NORTH SHORE COMMUNITY COLLEGE**  
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**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2017**

***Criteria - Continued***

According to the *2016-2017 Federal Student Aid Handbook (Vol. 5, Pg. 81 ) - Continued:*

The scheduled clock hours used for a student must be those established by the school prior to the student's beginning class date for the payment period or period of enrollment, and the hours must have been established in accordance with any requirements of the state or the institution's accrediting agency. These hours must be consistent with the published materials describing the institution's programs. However, if an institution modified the scheduled hours in a student's program prior to and unrelated to his or her withdrawal in accordance with any state or accrediting agency requirements, the new scheduled hours may be used.

***Condition***

When a student withdraws from the College, the College must calculate the students earned percentage in order to determine how much aid was earned by the student and how much must be returned to the Department of Education. For clock-hour students, the earned percentage is based on the number of total hours completed by the student prior to withdrawal, divided by the total number of clock hours in the payment period.

During our testing of forty students who withdrew from the College, one student enrolled in a clock-hour program had their earned percentage calculated based on credit hours.

***Cause***

When completing the Return of Title IV calculation, the College failed to identify that the student was enrolled in a clock-hour program. The College calculated the earned percentage using the total number of days in the payment period relative to the total days completed by the student rather than using the calculation of the student's completed clock hours.

***Effect***

By calculating the students earned percentage with total days instead of clock-hours, the College calculated the student's earned and unearned portion of federal financial aid incorrectly. This resulted in an incorrect amount of federal funds being returned to the Department of Education.

***Questioned Costs***

\$303

***Perspective***

Our sample was not, and was not intended to be, statistically valid. An inaccurate Return of Title IV calculation was performed on one student, out of forty students selected for testing, or 2.5% of the sample.

**NORTH SHORE COMMUNITY COLLEGE**  
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**Schedule of Findings and Questioned Costs - Continued**

**Year Ended June 30, 2017**

*Identification as a Repeat Finding, if applicable*

Not applicable

*Recommendation*

The College should review and improve their policies and procedures for identifying students who withdraw from clock hour programs. Once these students are identified, procedures must be in place to ensure that the proper calculation is performed. All calculations should be reviewed by management prior to the student's account being adjusted or funds returned to the Department of Education.

*Views of Responsible Officials*

The College agrees with this finding.

When completing the Return of Title IV calculation, the College failed to identify that the student was enrolled in a clock-hour program. The College calculated the earned percentage using the total number of days in the payment period relative to the total days completed by the student rather than using the calculation of the student's completed clock hours.



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

## Management's Summary Schedule of Prior Audit Findings

**Finding number:** 2016-001  
**Federal agency:** U.S. Department of Education  
**Program:** TRIO Cluster  
**CFDA#:** 84.044  
**Award year:** 2016

### *Condition*

The Federal Government requires that institutions participating in the Talent Search program serve a minimum number of participants. The College was allocated funds to service 592 participants for the grant year ended August 31, 2016. The College served 547 participants, according to the grant's Annual Performance Report provided to us.

### *Current Year Status:*

Corrective action was implemented during the year.



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

**Finding number:** 2016-002  
**Federal agency:** U.S. Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA #'s:** 84.063, 84.268  
**Award year:** 2016

### *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 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 not fully implemented during the year.

As a corrective action to last year's audit finding, NSCC started submitting Transfer Monitoring reports to the National Student Loan Data System ("NSLDS") for all students receiving aid during the 2017 fall semester. Submitting the report each semester prompts NSLDS to pull data from the National Student Clearinghouse ("NSC") to ensure that enrollment reporting is submitted to NSLDS for all students with aid.



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**NORTH SHORE**  
COMMUNITY COLLEGE

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## Management's Corrective Action Plan

**Finding number:** 2017-001  
**Federal agency:** U.S. Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA #'s:** 84.063, 84.268  
**Award year:** 2017

### *Corrective Action Plan:*

The College's cross-functional Compliance Team met to review this finding and they assigned a working team to review our current process for resolving student records that appear on the National Student Clearinghouse ("NSC") Error Reports. Effective March 1, 2018, this working team has begun resolving the remaining records that were not correctly reported. This team has also improved the inter-departmental work-flow needed to support more timely resolution of data conflicts going forward. The working team includes individuals from the following College departments:

- Enrolment Services (Registrar)
- Student Financial Services
- Planning, Research & Institutional Assessment

The Registrar is responsible for the reporting to NSC and ensuring reporting compliance including resolving all error reports. The College acknowledges that when data conflicts exist between our records and NSC's records, it often requires several offices to work together to resolve these errors.

We believe a renewed focus, and these additional resources allocated to the NSC Error Report Process, will strengthen the College's response time and thus keep the National Student Clearinghouse and the National Student Loan Data System records current.

The aforementioned cross-functional Compliance Team will continue to monitor the College's progress with timely resolution of any student records that appear on the NSC Error Report. This team will also continue to look for any systemic changes the College can make to other processes that may be impairing the appearance of these records on the NSC Error Reports.

### *Timeline for Implementation of Corrective Action Plan:*

March 2018

### *Contact Person*

Stephen J. Creamer  
Assistant V.P. of Student Financial Services & Compliance



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## Management's Corrective Action Plan

**Finding number:** 2017-002  
**Federal agency:** U.S. Department of Education  
**Program:** Student Financial Assistance Cluster  
**CFDA #'s:** 84.007, 84.063, 84.268  
**Award year:** 2017

### *Corrective Action Plan:*

While the College concurs that a clerical error occurred and this led to non-compliance, we will take the following steps to improve our current Return of Title IV Aid ("R2T4") procedures:

- 1) Effective with the 2017-2018 academic year, North Shore Community College ("NSCC") updated their Return of Title IV calculation procedure to include a step for academic program identification. NSCC staff will identify a student's program to determine if a clock-hour program calculation or if a credit-hour program calculation is necessary.
- 2) We currently have a separate staff member who reviews the calculations before adjusting a student's financial aid award. Effective in the 2017-2018 academic year, we have built a second audit layer. This individual process will review at least 10% of our R2T4 calculation to ensure greater accuracy. We believe this will help us identify clerical errors, such as the one identified, and correct them within the award year.
- 3) The College continues to regularly review the R2T4 policies and procedures as they pertain to MA State and Federal Title IV regulations. Additionally, the staff responsible for R2T4 processing will be completing NASFAA's Professional Credentials on Return of Title IV funds to ensure continued compliance with the R2T4 program.

The student affected by this clerical error has been made whole as NSCC has corrected the Return of Title IV calculation and returned \$303 to the Department of Education.

### *Timeline for Implementation of Corrective Action Plan:*

2017-2018 Academic Year

### *Contact Person*

Stephen J. Creamer  
Assistant V.P. of Student Financial Services & Compliance