

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, 2019

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, 2019

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
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, 2019. 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, 2019.

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 Findings 2019-001 through 2019-003. Our opinion on each major federal program is not modified with respect to this matter.

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.

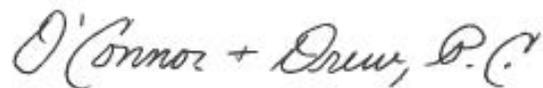
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 2019-001 through 2019-003 that we consider to be significant deficiencies. 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.

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, 2019. We issued our report thereon dated October 22, 2019, 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**

March 30, 2020

(except for the Schedule of Expenditures of Federal Awards, for which the date is October 22, 2019)



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, 2019, 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 22, 2019.

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 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 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 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.

Handwritten signature in cursive script that reads "O'Connor + Drew, P.C."

Certified Public Accountants
Braintree, Massachusetts

October 22, 2019

**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, 2019

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Federal Supplemental Educational Opportunity Grant Program	84.007	N/A	N/A	\$ 215,180	\$ -
Federal Work-Study Program	84.033	N/A	N/A	155,218	-
Federal Pell Grant Program	84.063	N/A	N/A	9,348,650	-
Federal Direct Student Loans	84.268	N/A	N/A	<u>5,716,294</u>	<u>-</u>
Total Student Financial Assistance Cluster				<u>15,435,342</u>	<u>-</u>
TRIO CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Student Support Services	84.042A	N/A	N/A	517,335	-
Talent Search	84.044A	N/A	N/A	331,423	-
Upward Bound	84.047A	N/A	N/A	<u>395,157</u>	<u>-</u>
Subtotal - Direct Awards				<u>1,243,915</u>	<u>-</u>
Pass-through Awards:					
Educational Opportunities Centers	84.066A	Colleges of Worcester Consortium	P066A110029-14	<u>171,690</u>	<u>-</u>
Total TRIO Cluster				<u>1,415,605</u>	<u>-</u>
NON-CLUSTER					
U.S. Department of Labor:					
Pass-through Awards:					
H-1B Job Training Grant	17.268	Mount Wachusett Community College	HG-29355-16-60-A-25	<u>226,925</u>	<u>-</u>
U.S. Department of Justice:					
Direct Awards:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	N/A	<u>25,332</u>	<u>-</u>

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, 2019

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Federal Expenditures	Passed Through to Subrecipients
NON-CLUSTER - CONTINUED					
U.S. Department of Education:					
Direct Awards:					
Special Education - State Personnel Development	84.323	N/A	N/A	8,563	-
Pass-through Awards:					
Adult Education -- Basic Grants to States	84.002	Massachusetts Department of Education	340-0186-1225-Q	282,827	-
Workplace Planning II	84.002A	Massachusetts Department of Education	494-280586-2019-1225	55,931	-
				338,758	-
Career and Technical Education -- Basic Grants to States	84.048	Massachusetts Department of Education	401-002-6-1225-Q	428,576	-
Subtotal - Pass-through Awards				767,334	-
Total Non-Cluster				1,028,154	-
Total Federal Funds				\$ 17,879,101	\$ -

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

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

Year Ended June 30, 2019

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, 2019. 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 \$5,716,294 of loans under the Federal Direct Student Loans 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, 2019. 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
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Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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, 2019

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Direct Student Loans (Note 4)	84.268
TRIO Cluster	
Student Support Services	84.042A
Talent Search	84.044A
Upward Bound	84.047A
Educational Opportunity Centers	84.066A
Career and Technical Education - Basic Grants to States	84.048

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, 2019

Section II – Financial Statement Findings:

None

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

Year Ended June 30, 2019

Section III – Federal Award Findings and Questioned Costs:

Finding number: 2019-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: 84.063, 84.268
Award year: 2019

Criteria

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

Unless [the institution] it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that –

- (i) A loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (ii) A student who is enrolled at the school and who received a loan under title IV of the Act has changed his or her permanent address.

The Dear Colleague Letter GEN-12-6 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 August 2019:

Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet 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, 2019

Condition

The Federal Government requires the College to report student enrollment changes to the NSLDS within 60 days. During our testing of forty students with enrollment status changes we noted the following:

- 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.

Cause

The College did not have adequate procedures in place to ensure that the students with status changes had their effective dates correctly reported to the NSLDS within the required timeframe.

Effect

The College did not properly report the students 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 charges.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of 40 students selected for testing, we noted the following four instances of non-compliance:

	Number of Instances	Percentage of Sample
Reported late	2	5.0 %
Reported incorrect effective date	2	5.0 %

Identification as a Repeat Finding, if applicable

See finding 2018-001 included in Management's Summary Schedule of Prior Audit Findings.

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

Year Ended June 30, 2019

Recommendation

The College should provide training to all employees responsible for processing information for the NSLDS to ensure that they have adequate knowledge of the related rules and regulations. This training should include an explanation of the College's date of determination, the importance of timely reporting, and the consequences of late reporting. Additionally, submission of additional rosters and a more formalized review process may reduce the likelihood of such findings in the future.

Views of Responsible Officials

The College agrees with this finding.

The causal explanations for the four instances of non-compliance in the current year were identified in this review. Two of the findings related to a lag in reporting and two were caused by a transposition error in the graduation date of the students when reported.

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

Year Ended June 30, 2019

Finding number: 2019-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: 84.063
Award year: 2019

Criteria

According to 34 CFR 668.22(j)(1):

Timeframe for the return of title IV funds. An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (1)(3) of this section.

According to 34 CFR 668.173(b):

Timely return of Title IV, HEA program funds. In accordance with procedures established by the Secretary or Federal Family Education Loan ("FFEL") program lender, an institution returns unearned Title IV, HEA program funds timely if –

- (1) The institution deposits or transfers the funds into the bank account it maintains under 34 CFR Sections 668.163 no later than 45 days after the date it determines the student withdrew;
- (2) The institution initiates an electronic funds transfer no later than 45 days after the date it determines that the student withdrew;
- (3) The institution initiates an electronic transaction no later than 45 days after the date it determines that the student withdrew, that informs a FFEL lender to adjust the borrower's loan account for the amount returned; or
- (4) The institution issues a check no later than 45 days after the date it determines that the student withdrew. An institution does not satisfy this requirement if –
 - (i) The institution's records show that the check was issued more than 45 days after the date the institution determined the student withdrew; or

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

Year Ended June 30, 2019

- (ii) The date on the cancelled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 60 days after the date the institution determined that the student withdrew.

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. 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.

Cause

The College did not have adequate procedures in place to ensure that all calculated required returns were made within the 45 day timeframe.

Effect

The College did not return unearned Title IV funds within the required 45-day time frame.

Questioned Costs

None - Funds have been returned.

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the twenty-three students selected for testing, one student, or approximately 4.3% of our sample, had unearned Title IV funds that were not returned to the Department of Education within the 45 day time frame.

Identification as a Repeat Finding, if applicable

Not applicable

Recommendation

The College should strengthen its controls surrounding the review of Return of Title IV calculations in a timely manner in order to ensure all funds are returned to the Department of Education within the required time frame. In addition, the College should provide training to all employees responsible for the return of funds in order to ensure they are prepared to recognize and respond accordingly to returns of multiple aid types specifically.

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

Year Ended June 30, 2019

Views of Responsible Officials

The College agrees with this finding.

After a thorough review of the transaction, it was determined that the finding was due to human error and occurred prior to the time that new procedures were put into place. The College believes that current processes are effective and will eliminate findings in the future.

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

Year Ended June 30, 2019

Finding number:	2019-003
Federal agency:	U.S. Department of Education
Programs:	Student Financial Assistance Cluster
CFDA #'s:	84.063, 84.268
Award year:	2019

Criteria

According to 34 CFR 668.164(1):

- (1) Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary any title IV, Higher Education Act ("HEA") program funds, except Federal Work Study ("FWS") program funds, that it attempts to disburse directly to a student or parent that are not received by the student or parent. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement.
- (2) If an EFT to a student's or parent's financial account is rejected, or a check to a student or parent is returned, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the EFT was rejected or the check returned. In cases where the institution does not make another attempt, the funds must be returned to the Secretary before the end of this 45-day period.
- (3) If a check sent to a student or parent is not returned to the institution but is not cashed, the institution must return the funds to the Secretary no later than 240 days after the date it issued the check.

Condition

Whenever Title IV aid, state and private aid is disbursed to a student, their account is reviewed to determine if the disbursement resulted in a credit balance. Once a credit balance is discovered, the student is issued a refund check. If the credit balance was caused by Title IV aid and the check is not cashed within 240 days, the funds must be returned to the Department of Education.

During our testing of 10 students, 6 students had checks outstanding for unclaimed Title IV funds which had not been cancelled and returned to the Department of Education within the required 240-day time frame.

Cause

The College did not monitor outstanding checks aged over 240 days caused by Title IV credit balances for this compliance requirement.

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

Year Ended June 30, 2019

Effect

The College did not return Title IV unclaimed funds to the Department of Education within the required 240-day time frame.

Questioned Costs

Six checks outstanding totaled \$3,995, all of which pertained to federally sourced funds.

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the ten students selected for testing, six students, or approximately 60% of our sample, had unclaimed funds pertaining to federal sources that were not returned to the Department of Education within the 240-day required time frame.

Identification as a Repeat Finding, if applicable

Not applicable

Recommendation

The College should examine its procedures related to unclaimed funds including the process and time frame for identifying aged balances and the process for cancelling checks and returning funds to the Department of Education.

Views of Responsible Officials

The College agrees with this finding.



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Management's Summary Schedule of Prior Audit Finding - Continued

Finding number: 2018-001
Federal agency: U.S. Department of Education
Program: Student Financial Assistance Cluster
CFDA #'s: 84.063, 84.268
Award year: 2018

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 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 not fully implemented during the year.

The College agrees with this finding.



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Management's Summary Schedule of Prior Audit Finding - Continued

Corrective Action

The College continues to review and enhance their enrollment reporting to their third-party contractor, the National Student Clearinghouse. The goal of these efforts has been to better meet the compliance requirements of enrollment reporting the NSLDS. The College has increased the number of semester enrollment reports to monthly; the College has added special graduation reports to ensure the enrollment separation is in the appropriate time frame and the College works closely with the Audit Department at the College to better understand the timing of the data exchange with NSLDS. The College also works diligently to resolve all error reporting. This year, the College has added the process of updating enrollment reporting to NSLDS for all Return of Title IV calculations to better ensure compliance.

Timeline

The addition of direct enrollment reporting to NSLDS when a student withdraws was implemented in the Return of Title IV process effective the Spring 2020 semester.

Contact Person

Susan Sullivan, Executive Director of Financial Aid



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Management's Summary Schedule of Prior Audit Finding - Continued

Finding number: 2018-002
Federal agency: U.S. Department of Education
Program: Student Financial Assistance Cluster
CFDA #'s: 84.007, 84.003, 84.063, 84.268
Award year: 2018

Condition

The Financial Aid award process includes consideration of financial and demographic data provided by the student applicant. To evaluate the reliability of this data, a participating institution is required by the Federal Government to select a sample from its student population and verify certain prescribed data. The selected students' files should be revised to incorporate any changes in the supplied data. The College's policy is to verify the information of those students identified by the Federal Government's processor.

Award Year 2018:

Out of a sample of forty students, the College's verification process identified that financial demographic information for twenty students required verification. Two of the twenty students requiring verification had data that changed that the College failed to revise on the students' ISIR.

Current Year Status:

Corrective action was implemented during the year.



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Management's Summary Schedule of Prior Audit Finding - Continued

Finding number: 2018-003
Federal agency: U.S. Department of Education
Program: Student Financial Assistance Cluster
CFDA #'s: 84.007, 84.003, 84.063, 84.268
Award year: 2018

Condition

The Financial Aid Office is responsible for awarding federal, state and institutional financial aid. The Federal Government requires the College to compare the student's Cost of Attendance ("COA") with the student's Estimated Family Contribution ("EFC") and Estimated Financial Assistance ("EFA"). EFA must include all grants and scholarships the College anticipates the student will receive regardless of the source. The total aid awarded to a student cannot exceed the student's COA. Federal, state and institutional aid is awarded by the Financial Aid Office. Financial aid awarded by outside sources is often sent directly to the Student Financial Services Office to be applied against the student's account. The Student Financial Services Office notifies the Financial Aid Office to ensure the outside aid is included in the student's EFA.

Award Year 2018:

Out of a sample of forty students, one student received aid in excess of their financial need and cost of attendance.

Current Year Status:

Corrective action was implemented during the year.



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Management's Corrective Action Plan

Finding number: 2019-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: 84.007, 84.063, 84.268
Award year: 2019

Corrective Action Plan:

The College continues to review and enhance their enrollment reporting to their third-party contractor, the National Student Clearinghouse ("NSC") in an effort to better meet the compliance requirements of enrollment reporting the National Student Loan Data System ("NSLDS").

The College has increased the number of semester enrollment reports to the NSC to monthly and the College has added special graduation reports to ensure the enrollment separation is in the appropriate time frame.

The College has also worked closely with the Audit Department at the NSC to better understand the timing of the data exchange with NSLDS.

As of the 2020 spring semester, the College has added enrollment reporting to the Return of Title IV procedure. Once the calculation has been completed and the funds have been adjusted, the withdrawal date will be updated in NSLDS.

A thorough review of NSLDS reporting procedures will be conducted and recommendations for adjustments to procedures will be implemented to ensure compliance in the future.

Timeline for Implementation of Corrective Action Plan:

The review, recommendation and policy adjustment will be implemented by July 1, 2020.

Contact Person

Susan Sullivan, Executive Director of Financial Aid



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Management's Corrective Action Plan - Continued

Finding number: 2019-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: 84.063
Award year: 2019

Corrective Action Plan:

An addition to the internal control procedures for this calculation, a new business control was implemented at the start of the 2019/2020 award to mitigate the risk of non-compliance due to human error. The Executive Director of Financial Aid conducts weekly internal audits of the Return of Title IV calculations performed by the financial aid counselors to ensure accuracy and adherence to compliance requirements. This finding occurred prior to the execution of this additional monitoring procedure. In a review of Return of Title IV for the remainder of the year, it was determined that all compliance requirements were met, and funds were returned timely.

In addition, the Financial Aid Counselor and the Financial Aid Coordinator responsible for Return of Title IV calculations will be completing the National Association of Student Financial Aid Administrators Return ("NASFAA") to Title IV coursework and obtain the Return of Title IV credential.

Timeline for Implementation of Corrective Action Plan:

The weekly audit procedure of Return of Title IV procedure was implemented at the start of the 2019/2020 award year. The Financial Aid Counselor and Coordinator will complete the NASFAA course and obtain the credential by July 1, 2020.

Contact Person

Susan Sullivan, Executive Director of Financial Aid



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Management's Corrective Action Plan - Continued

Finding number: 2019-003
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #'s: 84.063, 84.268
Award year: 2019

Corrective Action Plan:

The College understands the importance of adhering to the timeframe for the Return of Title IV funds, and as such will immediately implement the following measures to ensure compliance in the return.

First, the Office of Student Financial Services will enhance their outreach to students with outstanding federal student financial aid refund checks, using multiple methods of communication to satisfy the due diligence requirements, and ensure that all financial aid funds are either cashed by the student or that the funds within the required timeframe. The office will use this opportunity to remind students of the multiple payment options and no fee check cashing at the local bank banks.

Second, the Office of Student Financial Services will track outstanding Federal Student Financial Aid refund checks and work monthly with the fiscal office to return those funds, as required, within the 240-day timeframe.

Timeline for Implementation of Corrective Action Plan:

The College has implemented these process improvements as of the date of this report.

Contact Person

Jason Marsala, Director of Student Accounts

Susan Sullivan, Executive Director of Financial Aid