MASSACHUSETTS BAY 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, 2018
MASSACHUSETTS BAY 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, 2018

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To the Board of Trustees
Massachusetts Bay Community College
Wellesley, Massachusetts

Report on Compliance for Each Major Federal Program
We have audited Massachusetts Bay 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, 2018. 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, 2018.

**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 2018-001, 2018-002, 2018-003 and 2018-004. 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 2018-001, 2018-002, 2018-003 and 2018-004 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, 2018. We issued our report thereon dated October 23, 2018 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.

O’Connor and Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

December 4, 2018
(except for the Schedule of Expenditures of Federal Awards, for which the date is October 23, 2018)
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
Massachusetts Bay Community College
Wellesley, 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 Massachusetts Bay Community College (the “College”), which comprise the statement of net position as of June 30, 2018, the related statement 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 23, 2018.

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.

O’Connor and O’Reilly, P.C.
Certified Public Accountants
Braintree, Massachusetts

October 23, 2018
SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
# Schedule of Expenditures of Federal Awards

**Year Ended June 30, 2018**

<table>
<thead>
<tr>
<th>Student Financial Assistance Cluster</th>
<th>CFDA Number</th>
<th>Pass-Through Entity</th>
<th>Pass-Through Entity Award Number</th>
<th>Federal Expenditures</th>
<th>Passed Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Education:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Awards:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grant</td>
<td>84.007</td>
<td>N/A</td>
<td>N/A</td>
<td>$ 128,665</td>
<td>$ -</td>
</tr>
<tr>
<td>Federal Work-Study Program</td>
<td>84.033</td>
<td>N/A</td>
<td>N/A</td>
<td>78,295</td>
<td>-</td>
</tr>
<tr>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
<td>N/A</td>
<td>N/A</td>
<td>4,515,829</td>
<td>-</td>
</tr>
<tr>
<td>Federal Direct Student Loans</td>
<td>84.268</td>
<td>N/A</td>
<td>N/A</td>
<td>2,770,164</td>
<td>-</td>
</tr>
<tr>
<td>Total Student Financial Assistance Cluster</td>
<td></td>
<td></td>
<td></td>
<td>7,492,853</td>
<td>-</td>
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</table>

<table>
<thead>
<tr>
<th>Research and Development Cluster</th>
<th>CFDA Number</th>
<th>Pass-Through Entity</th>
<th>Pass-Through Entity Award Number</th>
<th>Federal Expenditures</th>
<th>Passed Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Science Foundation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Awards:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and Human Resources</td>
<td>47.076</td>
<td>N/A</td>
<td>N/A</td>
<td>434,669</td>
<td>121,979</td>
</tr>
<tr>
<td>Total National Science Foundation</td>
<td></td>
<td></td>
<td></td>
<td>481,150</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>U.S. Department of Health and Human Services</th>
<th>CFDA Number</th>
<th>Pass-Through Entity</th>
<th>Pass-Through Entity Award Number</th>
<th>Federal Expenditures</th>
<th>Passed Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pass-through Awards:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Institutes of Health - Biomedical Research &amp; Research Training</td>
<td>93.859</td>
<td>University of Massachusetts - Boston</td>
<td>0900482065</td>
<td>23,020</td>
<td>-</td>
</tr>
<tr>
<td>Bridges to the Baccalaureate</td>
<td></td>
<td></td>
<td></td>
<td>504,170</td>
<td>121,979</td>
</tr>
<tr>
<td>Total Research and Development Cluster</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Cluster</th>
<th>CFDA Number</th>
<th>Pass-Through Entity</th>
<th>Pass-Through Entity Award Number</th>
<th>Federal Expenditures</th>
<th>Passed Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Labor:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pass-through Awards:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Adjustment Assistance Community College and Career Training (TAACCT)</td>
<td>17.282</td>
<td>Massasoit Community College</td>
<td>090206113</td>
<td>152,087</td>
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</tr>
<tr>
<td>U.S. Department of Education:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Awards:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Title III Part A Strengthening Institutions Program</td>
<td>84.031A</td>
<td>N/A</td>
<td>N/A</td>
<td>(139)</td>
<td>-</td>
</tr>
<tr>
<td>Pass-through Awards:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education Grants to States</td>
<td>84.048</td>
<td>Perkins Post Secondary</td>
<td>401-147640-2018-1211</td>
<td>38,441</td>
<td>-</td>
</tr>
<tr>
<td>Total U.S Department of Education</td>
<td></td>
<td></td>
<td></td>
<td>38,302</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporation for National and Community Service</th>
<th>CFDA Number</th>
<th>Pass-Through Entity</th>
<th>Pass-Through Entity Award Number</th>
<th>Federal Expenditures</th>
<th>Passed Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Awards:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal AmeriCorps Program</td>
<td>94.096</td>
<td>N/A</td>
<td>N/A</td>
<td>18,158</td>
<td>-</td>
</tr>
<tr>
<td>Total Non-Cluster</td>
<td></td>
<td></td>
<td></td>
<td>209,447</td>
<td>-</td>
</tr>
<tr>
<td>Total Federal Funds</td>
<td></td>
<td></td>
<td></td>
<td>$ 8,206,510</td>
<td>$ 121,979</td>
</tr>
</tbody>
</table>

*See the accompanying notes to the Schedule of Expenditures of Federal Awards.*
Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Massachusetts Bay Community College (the “College”) under programs of the Federal Government for the year ended June 30, 2018. 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 Loans**

The College disbursed $2,770,164 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.
MASSACHUSETTS BAY COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

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
### Identification of Major Programs

<table>
<thead>
<tr>
<th>Name of Federal Program or Cluster</th>
<th>CFDA Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Financial Assistance Cluster</td>
<td></td>
</tr>
<tr>
<td>Federal Supplemental Educational Opportunity Grant Program</td>
<td>84.007</td>
</tr>
<tr>
<td>Federal Work-Study Program</td>
<td>84.033</td>
</tr>
<tr>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
</tr>
<tr>
<td>Federal Direct Student Loans (Note 4)</td>
<td>84.268</td>
</tr>
<tr>
<td>Research &amp; Development Cluster</td>
<td></td>
</tr>
<tr>
<td>National Science Foundation</td>
<td>47.076</td>
</tr>
<tr>
<td>National Institutes of Health</td>
<td>93.859</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as a low-risk auditee?  

___ x  yes  ___ no
Section II – Financial Statement Findings:
None
MASSACHUSETTS BAY COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Section III – Federal Award Findings and Questioned Costs:

Finding number: 2018-001
Federal agency: U.S. Department of Education
Programs: Federal Pell Program
CFDA #: 84.063
Award year: 2018

Criteria
According to 34 C.F.R. Section 668.22(h):

(1) After the institution has allocated the unearned funds for which it is responsible in accordance with paragraph (g) of this section, the student must return assistance for which the student is responsible in the order specified in paragraph (i) of this section.

(2) The amount of assistance the student is responsible for returning is calculated by subtracting the amount of unearned aid that the institution is required to return under paragraph (g) of this section from the total amount of unearned Title IV assistance to be returned under paragraph (c) (4) of this section.

(3) The student must return or repay, as appropriate, the amount determined under paragraph (h1) any title IV grant program as an overpayment of the grant; however, a student is not required to return the following:
   (a) The portion of a grant overpayment amount that is equal to or less than 50 percent of the total grant assistance that was disbursed (and that could have been disbursed, as defined in paragraph (l)(1) of this section) to the student for the payment period or period of enrollment

Condition
When a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the proper amount of Title IV funds to be refunded as of the recipient’s withdrawal date. The institution should complete a “Treatment of Title IV Funds when a Student Withdraws from a Credit-Hour Program” worksheet in order to determine the proper amount of Title IV funds to be refunded. Once a recipient’s withdrawal date is determined, an institution needs to calculate the percentage of the payment period or period of enrollment completed. The percentage of the payment period or period of enrollment completed represents the percentage of Title IV funds earned by the recipient. The statute specifies that a student is responsible for all unearned Title IV program assistance that the school is not required to return. The initial amount of unearned Title IV aid due from the student (or parent, for Direct PLUS Loan funds) is determined by subtracting the amount returned by the school from the total amount of unearned Title IV funds.
to be returned. This is called the initial amount due from the student because a student does not have to return the full amount of any grant repayment due. Therefore, the student may not have to return the full initial amount due.

Fourteen recipient files were tested for compliance with this requirement, which included eight from the Fall 2017 semester and six from the Spring 2018 semester. In four cases, the calculations for the amount to be returned by the College were incorrect.

Cause
The College did not ensure that the regulations were met in regard to refunding Title IV funds when calculating the amount of aid to be returned. An error in the return calculation occurred when the staff preparing the calculation used the incorrect field. This resulted in the College including additional funds in their calculation and increasing the amount the College was required to return.

Effect
The College returned Title IV funds to the Department of Education in excess of the required amount.

Questioned Costs
$176.06

Perspective
Our sample was not, and was not intended to be, statistically valid. Of the fourteen students selected for testing, four students or 28.6% of our sample was incorrectly calculated. Of the four students incorrectly calculated, two were tested for the Fall 2017 semester and two were tested for the Spring 2018 semester.

Recommendation
We recommend that the College review their policies and procedures in regard to the refund process to ensure all refunds are being calculated correctly and are in compliance with federal regulations. In doing so the College should review the calculation for all students in similar situations and confirm that their refund(s) were properly calculated and the total amount returned agrees to the students’ business accounts.
Identification as a Repeat Finding, if applicable
Not applicable

Views of Responsible Officials
The College concurs with the auditors’ finding.
MASSACHUSETTS BAY COMMUNITY COLLEGE  
(an Agency of the Commonwealth of Massachusetts)  

Schedule of Findings and Questioned Costs - Continued  

Year Ended June 30, 2018  

Finding number: 2018-002  
Federal agency: U.S. Department of Education  
Programs: Federal Pell Program  
CFDA #: 84.063  
Award year: 2018  

Criteria  
According to 34 C.F.R. Section 668.16(f):  

The Secretary considers an institution to have that administrative capability if the institution develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs. In determining whether the institution's system is adequate, the Secretary considers whether the institution obtains and reviews-  

(1) All student aid applications, need analysis documents, Statements of Educational Purpose, Statements of Registration Status, and eligibility notification documents presented by or on behalf of each applicant;  
(2) Any documents, including any copies of state and federal income tax returns, that are normally collected by the institution to verify information received from the student or other sources; and  
(3) Any other information normally available to the institution regarding a student's citizenship, previous educational experience, documentation of the student's social security number, or other factors relating to the student's eligibility for funds under the Title IV, HEA programs  

Condition  
The Federal Government requires the College to have sufficient internal controls in place to detect and resolve conflicting information between the students' Institutional Student Information Record ("ISIR") and various other sources of information. In a sample of forty students, one student self-certified conflicting information on their ISIR. The College subsequently did not obtain the necessary documentation before awarding aid.
CAUSE
The College uses the student's ISIR in order to determine federal aid eligibility. When the student was completing the ISIR, they self-certified that their citizenship status was an eligible non-citizen. However, the United States Citizenship and Immigration Services of the Department of Homeland Security did not confirm this student's non-citizen eligibility status. As such, the student had to submit proper documentation for the noncitizen immigration status within 30 days. The documentation was not received, however, federal aid was disbursed to the student. An employee in the financial aid department approved the release of federal aid without properly obtaining all documentation.

EFFECT
The student was awarded and disbursed a Federal Pell Grant that they were not eligible to receive based on their undocumented citizenship status.

QUESTIONED COSTS
$2,960

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 self-certified conflicting information on their ISIR. All other selection records were accurate and reviewed properly.

RECOMMENDATION
The College should implement a policy that all students whose citizenship status cannot be confirmed be reviewed and approved by a quality control reviewer. The College should confirm that notice has been sent out to students of their pending status.

IDENTIFICATION AS A REPEAT FINDING, IF APPLICABLE
Not applicable

VIEWS OF RESPONSIBLE OFFICIALS
The College concurs with the auditors' finding.
MASSACHUSETTS BAY COMMUNITY COLLEGE  
(an Agency of the Commonwealth of Massachusetts)  

Schedule of Findings and Questioned Costs - Continued  
Year Ended June 30, 2018  

Finding number: 2018-003  
Federal agency: U.S. Department of Education  
Programs: Federal Work Study (“FWS”)  
CFDA #: 84.033  
Award year: 2018  

Criteria  
According to 34 C.F.R. Section 675.18(g):  

For the 2000-2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one:  

(1) Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or  
(2) Family literacy project that employs one or more FWS students in family literacy activities.  

According to 34 C.F.R Section 675.2(b):  

The Secretary defines other terms used in this part as follows:  

Community services: Services which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, as designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs.  

Condition  
Regulations require that the College use at least 7% of its Federal Work Study funds to compensate students employed in a community service activity. In addition, at least one student must be compensated for holding a literacy related community service position. As of June 30, 2018, the College did not have a Federal Work Study program that meet the definition of community service, and as such, did not have a student who was employed in a work study program related to literacy.
MASSACHUSETTS BAY COMMUNITY COLLEGE
(an Agency of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs - Continued

Year Ended June 30, 2018

Cause
The College has had difficulty participating in work study programs related to community service due to two major factors:
   1. The College is a small community college, where much of its population prefers to remain on campus, and
   2. The College is in Wellesley, MA, an affluent area, with fewer than normal community service opportunities. As such there are fewer opportunities for the College to engage in community service related activities on a regular basis within a reasonable distance from campus.

Effect
The College does not have Federal Work Study programs that involve community service and as such did not meet the Federal Work Study earmarking requirement as well as the Federal Work Study literacy requirement.

Questioned Costs
$5,481

Perspective
According to Curtis Cormier, Director of Financial Aid, there were no work study programs that could be considered community service.

Recommendation
We recommend that the College continue in their attempts to pursue work study programs at local organizations and K-12 schools in the area.

Identification as a Repeat Finding, if applicable
Not applicable

Views of Responsible Officials
The College concurs with the auditors’ finding.
MASSACHUSETTS BAY COMMUNITY COLLEGE  
(an Agency of the Commonwealth of Massachusetts)  

Schedule of Findings and Questioned Costs - Continued  

Year Ended June 30, 2018  

Finding number: 2018-004  
Federal agency: U.S. Department of Education  
Programs: Federal Direct Student Loans and Federal Pell Program  
CFDA #: 84.063, 84.268  
Award year: 2018  

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 60 days, notify the Secretary within 30 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:  

i. Enrolled at that school but has ceased to be enrolled on at least a half-time basis;  
ii. 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  
iii. Has changed his or her permanent address.  

The Dear Colleague Letter GEN-12-6 (the “Letter”) issued by the U.S. Department of Education 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 34 CFR 668.22(c):  

For purposes of this section, for a student who ceases attendance at an institution that is not required to take attendance, the student’s withdrawal date is:  

i. The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;  
ii. The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;  
iii. If the student ceases attendance without providing official notification to the institution of his or her withdrawal in accordance with paragraph (c)(1)(i) or (c)(1)(ii) of this section, the mid-point of the payment period (or period of enrollment, if applicable).
Condition
The Federal Government requires the College to report student status enrollment changes to the National Student Loan Data System ("NSLDS") within 60 days. Out of a sample of forty students with enrollment status changes, one student’s change was not reported correctly and in a timely manner and four students’ changes were reported inaccurately.

Cause
The student that was not reported correctly within a timely fashion was due to a business process issue whereby the student had graduated early in the Fall 2017 (awarded in August 2017) and thus was removed from the National Student Clearinghouse ("NSC") report. Although NSC did receive the student’s information on the degree verify file, on the enrollment file the student no longer appeared because there was no active program to connect to the student’s enrollment. This fact made the NSC conclude that the student had withdrawn. For the four students that were reported inaccurately, the students reenrolled in the College for non-degree programs subsequently to graduating and were not reported as graduated appropriately in NSLDS.

Effect
Withdrawal dates were not reported within the required timeframe and accurately, which may result in the students entering repayment status later than the required timeframe and the NSLDS receiving inaccurate statistical information.

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 timely to the NSLDS by fourteen days and four students or 10% were reported inaccurately to the NSLDS.

Recommendation
We recommend that the College develop methods to mitigate any delays in reporting to the NSLDS. In addition, the College should implement a review process which ensures that student status information is accurate before submitting the student roster file.

Identification as a Repeat Finding, if applicable
See finding 2017-001 included in the summary schedule of prior year findings.

View of Responsible Officials
The College concurs with the auditors’ finding.
Management’s Summary Schedule of Prior Audit Finding

Year Ended June 30, 2018

Finding number: 2017-001
Federal agency: U.S. Department of Education
Programs: Federal Direct Student Loans
CFDA #: 84.268
Award year: 2017

Condition
Massachusetts Bay Community College’s policy is to report student enrollment to a contracted third party, the National Student Clearinghouse (“NSC”). Massachusetts Bay Community College utilized the NSC to facilitate its responsibility to notify the National Student Loan Data System (“NSLDS”) of changes in the enrollment status of students. However, Massachusetts Bay Community College is ultimately responsible to ensure that NSLDS is properly and timely notified of all student enrollment status changes. Massachusetts Bay Community College reports an initial enrollment status and subsequent changes in enrollment status to the NSC based on a pre-determined schedule throughout each semester.

Award Year 2017:
Of 50 students selected for testing, one student or 2% of our sample had a status change that was not reported in to the NSLDS.

Award Year 2016:
Of 51 students selected for testing, five students or 10% of our sample had a status change reported in excess of the allowable days to be transmitted to NSLDS. Additionally, two students or 4% had a status change that was not reported to the NSLDS.

Award Year 2015:
Of 40 students selected for testing, six students or 15% of our sample had a status change reported in excess of the allowable days to be transmitted to NSLDS. Additionally, one student or 2.5% had a status change that was not reported to the NSLDS.

Award Year 2014:
Of 35 students selected for testing, 31 students or 89% of our sample had a status change reported in excess of the allowable days to be transmitted to NSLDS. Additionally, 24 students or 77% had a status change that was not reported to the NSLDS.
Management’s Summary Schedule of Prior Audit Finding - Continued

Year Ended June 30, 2018

Award Year 2013:
Of 25 students selected for testing, 6 students or 24% of our sample had a status change reported in excess of the allowable days to be transmitted to NSLDS.

Award Year 2012:
Of 20 students selected for testing, 4 students or 20% of our sample had a status change reported in excess of the allowable days to be transmitted to NSLDS.

Current Year Status:
Out of a sample of 40 students with enrollment status changes, one student was not reported timely and correctly to the NSLDS and four students were reported inaccurately to the NSLDS. The College is looking to strengthen its controls in this area.
Management’s Summary Schedule of Prior Audit Finding - Continued

Year Ended June 30, 2018

Finding number: 2017-002
Federal agency: U.S. Department of Education
Programs: Federal Direct Student Loans
CFDA #: 84.268
Award year: 2017

Condition
Massachusetts Bay Community College’s policy is to notify the student borrower within 30 days to complete the required exit counseling.

Award Year 2017:
Of one student selected for testing, the student had an exit counseling notification in excess of the allowable days.

Current Year Status:
The corrective action plan was fully implemented. The auditors’ current year testing revealed no findings in this area.
Management’s Summary Schedule of Prior Audit Finding - Continued

Year Ended June 30, 2018

Finding number: 2017-003
Federal agency: U.S. Department of Education
Programs: Federal Direct Student Loans
CFDA #: 84.268
Award year: 2017

Condition
Massachusetts Bay Community College’s policy is to perform internal and external reconciliations for Federal Direct Loans on a monthly basis.

Award Year 2017:
Of four months selected for testing, all four months were not reconciled timely with proper documentation.

Current Year Status:
The corrective action plan was fully implemented. The auditors’ current year testing revealed no findings in this area.
Management’s Corrective Action Plan

Year Ended June 30, 2018

Finding number: 2018-001
Federal agency: U.S. Department of Education
Programs: Federal Pell Program
CFDA #: 84.063
Award year: 2018

Corrective Action
Additional grant protection allowance training has been instituted in the R2T4 procedure to ensure that the correct student return amount is being processed. The Financial Aid office will generate audit reports in order to determine which students are allowed grant protections, so the College can do a secondary review of these students. This will ensure that the College is returning funds according to 34 C.F.R. Section 668.22(h).

Timeline for Implementation of Corrective Action Plan:
This new procedure was implemented starting with the fall 2018 semester.

Contact Person
Curtis Cormier
Director of Financial Aid
Management's Corrective Action Plan

Year Ended June 30, 2018

Finding number: 2018-002  
Federal agency: U.S. Department of Education  
Programs: Federal Pell Program  
CFDA #: 84.063  
Award year: 2018

Corrective Action
The process of completing ISIR verification is a manual process and may be prone to human error. The College has instituted an internal audit and secondary review of student files for verification in order to identify any discrepancies or errors. This secondary review will be an additional verification control.

Timeline for Implementation of Corrective Action Plan:
This new procedure was implemented starting with the fall 2018 semester.

Contact Person
Curtis Cormier  
Director of Financial Aid
Management’s Corrective Action Plan

Year Ended June 30, 2018

Finding number: 2018-003
Federal agency: U.S. Department of Education
Programs: Federal Work Study ("FWS")
CFDA #: 84.033
Award year: 2018

Corrective Action
The Financial Aid office is prioritizing outreach to local community organizations in order to build a working relationship for community service FWS employment opportunities. Through this relationship the College will generate an FWS position which meets one of the community service requirements. The College has a large percentage of non-traditional students and it is difficult to recruit off-campus FWS employment. The College is incentivizing these positions by increasing the hourly rate of pay in order to offset the travel expenses for employment in these positions.

Timeline for Implementation of Corrective Action Plan:
This new procedure was implemented starting with the fall 2018 semester.

Contact Person
Curtis Cormier
Director of Financial Aid
Management's Corrective Action Plan

Year Ended June 30, 2018

Finding number: 2018-004
Federal agency: U.S. Department of Education
Programs: Federal Direct Student Loans and Federal Pell Program
CFDA #: 84.063, 84.268
Award year: 2018

Corrective Action
The College will be looking at making some business process changes in the effective date used in awarding degrees and analyzing the logic in the National Student Clearinghouse report in order to make improvements to it, and then the College should be able to have improved visibility of reporting issues in the future.

Timeline for Implementation of Corrective Action Plan:
This new procedure was implemented starting with the fall 2018 semester.

Contact Person
Curtis Cormier
Director of Financial Aid